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1932

Industrial leadership and the economic evils
resulting from unemployment.

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Thesis

INDUSTRIAL LEADERSHIP
AND THE ECONOMIC EVILS RESULTING FROM UNEMPLOYMENT.

Submitted by

Maurice Augustine Twomey

(Bachelor of Science in Education)

(Boston University, 1929)

In partial fulfillment of requirements for the
degree of Master of Education

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INDUSTRIAL LEADERSHIP AND THE ECONOMIC EVILS RESULTING FROM UNEMPLOYMENT.

The evils resulting from unemployment are of many and varied assortments. Economic waste, physical hunger and privation and the psychological effect on the citizenry of a nation are but mere words but the indelible imprint of these results on the families of the victims cannot be described adequately. Reports of the Department of Labor, of social agencies, of trade-unions, of mayor's committees, and the testimony of court officers, personnel directors and leaders of industry bear testimony to the deteriorating effect of unemployment upon workers and industry.

Loss of job usually means to a family man loss of industrial citizenship, worry, and eventually nervous breakdown, or at least serious physical disability. Unemployment makes the victim feel an outcast from the herd. It is not going too far to say that much of the crime among the younger generation may be attributed to constant irregularity of employment, constant discharge, and constant necessity of hunting for a new job.

What a disillusion for the young person to set sail on his sea of industry or business, carried on by the wind of youthful hopefulness and unfettered enthusiasm, cargoed with hope and courage, optimism and capacity, only to find through no fault of his own that he is compelled to voyage hither and yon, from port to port, lose his old connections, become discouraged, cynical, embittered! Finally, he joins the ranks of pirates and free booters, an addition to the scourges and terrors of the seas.

What a sad commentary on the undoing of what our educational

The first part of the book is devoted to a general history of the United States from its discovery by Columbus in 1492 to the present time. It covers the early years of settlement, the struggle for independence, and the formation of the federal government. The second part of the book is devoted to a detailed history of the United States from 1789 to the present time. It covers the early years of the republic, the expansion of the territory, the Civil War, and the Reconstruction period. The third part of the book is devoted to a detailed history of the United States from 1865 to the present time. It covers the Reconstruction period, the Gilded Age, the Progressive Era, and the modern era. The book is written in a clear and concise style, and is suitable for use as a textbook in schools and colleges.

system has laboriously essayed is the following quotation: "From being unable to get steady work (as the Wainwright Commission declared) the unemployed often become unable to do steady work--unreliable, inefficient, good for nothing. During long periods of unemployment good workmen degenerate into tramps. They become habituated to a life of idleness and uncertainty, so that when at last employment is once more to be had, they are unfit for continuous labor. The mere unemployed have become unemployable." (1) Ece Marion Elderton tells of the effect on the family of unemployed workers in an article well worth reading which shows the physical and mental effects on the growing family. (2)

It is all too sad, but all too true! Our youthful mariners, as well as the seasoned pilots cannot, no matter what their skill and ability, show their wares. Their sails and their craft, their charted seas of planned conquest, their high hopes and ambitions, become in turn, tattered and ill-kept, forbidden areas of travel, mutterings and threats.

The foregoing statements try to paint the picture of economic and human evils resulting from unemployment. Charts and statistics of monetary loss are valueless and unnecessary when the breakdown of a nation's manpower is the outstanding evil. Various writers have estimated the money loss due to unemployment from two million to nine million dollars each year, the first figure during normal

(1) New York: State Employers' Liability Commission Reports, 1910-11. No. 3, p. 9.

(2) Unemployment Consequences on the Home. The Annuals, March 1931, p. 58-64

times, the second during the depression of 1921.

If society fails to provide the chance for a man to sustain himself, then society must sustain the man. One of these conditions must prevail if the peace and tranquility of the United States is to be maintained. "To do otherwise is indefensible, morally wrong and socially disgraceful", says William Green, President of the American Federation of Labor. (3)

The first of the two considerations seems to be the American principle of doing things and it is from this point of departure that this discussion will start.

"Its not too much to say the philosophy of individual and organized private initiative upon which our business system is founded and operated under the leadership of business men, economists, and engineers who have replaced the kings and statesmen of the past, is definitely on trial today, more decisively than ever before. And because of the dominant position of the United States in world economic affairs and the leadership it has assumed in world progress, this philosophy is meeting its crucial test here for all the world." (4)

The deduction one makes from the preceding statement is that the American business system must prove its ability to maintain and advance American standards of living or else consider the practice of losing some other social philosophy or system of economic control to try its hand. The Russian experiment living at the same time as the American trial focuses the attention of all people.

(3) New York Times, October 16, 1930, p.16.

(4) Business Week, October 29, 1930, p. 40

...the second during the summer of 1941.

It is not possible to provide the exact date of the meeting.

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European countries have gone a long way toward state socialism in the one way or another. The United States stands practically alone as the standard bearer of the economic and political system under which the western world has lived for more than one hundred and fifty years.

Since the control of the affairs of the business and industrial world lie in the hands of employing management and financiers, the burden for taking the lead in adopting measures to minimize unemployment lies with these groups. This assumption does not presuppose that theirs is the fault of unemployment but only that they are the ones in a position to be of most effective influence in solving conditions that lead to involuntary idleness.

The role that these duly recognized leaders in our scheme of business and industry must play is that of naval academy leaders. Like all instructors in any line their preeminent position postulates not greater intelligence but a wisdom due to greater maturity and wider experience and training in their respective fields of chosen endeavor. Their task is to provide the learning situation; their duty to supply the stimulus. Research, a technique, for which they are better situated, need be employed by them in order to enlighten their pupils, if the teachers exhaust their store of knowledge.

Since education is to be their aim, they must first prepare themselves, keep abreast of times, and transfer their findings to their followers. Learning is an active process, but it is precluded by the necessary groundwork suggested, that of proper situation

European countries have gone a long way toward socializing in
the one or another. The United States stands practically alone
as the standard bearer of the capitalist and individual system under
which the western world has lived for more than one hundred and
fifty years.

Since the control of the affairs of the nation has been
placed in the hands of a few men of exclusive means and training,
the burden for making the best is placed on the shoulders of a few
employers and with these groups. It is recognized that not only
business but that the fault of the system is not only that they
are the only ones in a position to do so but also that they are
not in a position to do so.

The fact that these few men are in a position to do so is
business and industry and the result of direct ownership. For
the few men in any line of business are in a position to do so
and greater intelligence and a greater ability to do so is
with experience and training in their respective lines or chosen
industries. Their task is to provide the nation with the goods
and to supply the necessities. However, the fact that
they are better situated, need be considered in order to
lighten their burden. If the business system is to be
changed.

Since education is to be their aid, they must first prepare
themselves, each of them, and together their leaders to
their respective lines of business. It is not a matter of
the business system, but of the business system.

and needed stimulus.. The laws of learning must first be exercised by the leaders before they attempt to instruct their workers.

Sociology, the other twin pillar of democracy, must need be kept in mind by the leaders' teachings if important worth-while permanent results are to be attained. Individuals and individuals and individuals in group relationships, real living human beings, are affected by their work.

The following steps show the analysis of the reflective thinking process that must be called into play in the solution of the unemployment problem.

1. Experience the situation actually or vicariously, in which the unemployment spectre is present or forecasted.
2. The consciousness of a "felt difficulty" in the unemployment problem.
3. An exact and concise definition of the unemployment problem.
4. The analysis of the unemployment problem into its component parts.
5. The ascertainment and discussion of the pertinent subject matter that is needed to solve the unemployment problem.
6. The determination and discussion of the possible one or more solutions or hypotheses of the unemployment problem.
7. A try-out of what seems the most possible solution.
8. Verification of the solution to see if it works.
9. A summary and conclusion.

The steps in the following disquistion correspond with the steps which have been indicated in the analysis.

STEP ONE. EXPERIENCING A SITUATION IN WHICH THE UNEMPLOYMENT PROBLEM IS PRESENT.

The statement of Leifur Magnusson establishes a claim to the

Note: Leifur Magnusson is the Director of the International Labor Office with headquarters at Washington, D. C.

The purpose of this study is to determine the effect of the law of conservation of energy on the motion of a particle in a potential field. The law of conservation of energy states that the total energy of a system is constant. In this case, the total energy is the sum of the kinetic energy and the potential energy. The kinetic energy is given by $\frac{1}{2}mv^2$ and the potential energy is given by $V(x)$. The total energy is $E = \frac{1}{2}mv^2 + V(x)$. The law of conservation of energy implies that E is constant. This leads to the equation $\frac{1}{2}mv^2 + V(x) = E$. This equation can be used to determine the motion of the particle.

The following steps are used in the analysis of the motion of the particle. First, the total energy E is determined. Then, the equation $\frac{1}{2}mv^2 + V(x) = E$ is used to determine the velocity v as a function of position x . This leads to the equation $v = \sqrt{2(E - V(x))}$. The time t as a function of position x is then determined by integrating $dt = dx/v$.

1. Determine the total energy E .
2. Use the equation $\frac{1}{2}mv^2 + V(x) = E$ to determine the velocity v as a function of position x .
3. Integrate $dt = dx/v$ to determine the time t as a function of position x .
4. The resulting function $t(x)$ is used to determine the motion of the particle.
5. The resulting function $t(x)$ is used to determine the motion of the particle.
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The steps in the following analysis are used to determine the motion of the particle. First, the total energy E is determined. Then, the equation $\frac{1}{2}mv^2 + V(x) = E$ is used to determine the velocity v as a function of position x . This leads to the equation $v = \sqrt{2(E - V(x))}$. The time t as a function of position x is then determined by integrating $dt = dx/v$.

The resulting function $t(x)$ is used to determine the motion of the particle. The resulting function $t(x)$ is used to determine the motion of the particle. The resulting function $t(x)$ is used to determine the motion of the particle.

first step. "Unemployment is indigenous to the undustrial system".

(5) A digest of his article, "Unemployment: A Nemesis", substantiates the statement he made. He points out the well known facts that all normal human beings can readily accept as true. There has been no place or industrial regime where there has not been unemployment. Political policies and existing forms of organization have little or nothing as such to do with unemployment. Monarchies, republics, socialist and communistic as well as the capitalistic states, the free trade and protectionist countries have all felt its presence. The figures given by Mr. Magnusson are on the basis of known facts secured from reliable sources and can be checked with a certain correlation from well known sources as the 14th Edition of the Britannica and governmental documents. It may be stated that there is little need of arguing the exactness of figures since most people are in accord with the realization that unemployment always exists. "Normally", we read from the article (6), "there are as many as 10,000,000 persons in the world at any given time able and willing to work, looking for jobs and unable to find them. In the present time (1930), there were over the number quoted above unemployed in the more important industrial areas of the world; i.e., the United States, Great Britain, Germany, Russia, Italy, Poland and Japan. Germany over 2,655,000; Great Britain 1,309,000; Ireland 30,000; Russia

(5) Women's Press, September 1930, 24:218-21

(6) Ibid., p. 219.

1,254,000; Italy 466,000; Japan 292,000; Poland 121,000; the Netherlands 56,000; Belgium 23,000; and France 1,600. Estimates for the United States run from 3,700,000 up to and over 5,000,000. The number of organized workers out of work show an excessively high proportion of the reporting membership early in 1930, the highest being for the trade union membership in the United States. The following table (7) gives an idea of widespread unemployment.

TABLE A

	Organized Workers	Unemployed	
	<u>Date</u>	<u>Number</u>	<u>Per cent</u>
Australia	Jan. 1930	56,000	13
Canada	Feb. 1930	24,000	12
Denmark	Feb. 1930	59,000	21
Hungary	Feb. 1930	21,000	15
New Zealand	Nov. 1929	3,000	6
Norway	Feb. 1930	7,800	19
Sweden	Feb. 1930	45,000	14
United States	Feb. 1930		22

The economist frankly states that unemployment is an inevitable accompaniment of the private operation of industry. Professor Taussig of Harvard says, "Every country is confronted with unemployment.....so long as its industry rests on private property, complex division of labor, free movements of labor and capital; on hopes, fears, and mistakes in the business world."

Ex-Secretary of Labor, now Senator James J. Davis, makes the following statement, "Even in prosperous times, we have from about 1,500,000 to 2,000,000 men out of employment." (8)

The United States has no adequate, continuous registration of

(7) Magnusson, Leifur. op. cit. p. 218

(8) Stabilizing Industry. Reference Shelf. H. M. Wilson Co. N.Y. p.17.

the unemployed, the figures given have been derived in one way or another from the statistics of employment, they measure perhaps a shrinkage in employment. Even though the two findings, unemployment and shrinkage in employment, may not be the same things the following table (9) is given to lead us to an acceptance of the fact that we always experience unemployment.

TABLE B
Estimated Average Minimum Volume of
Unemployment in the United States,
1920 1927

Year	Nonagricultural wage and salary earners	Average mini- mum number unemployed	Percentage unemployed
1920	27,558,000	1,401,000	5.1
1921	27,989,000	4,270,000	15.3
1922	28,505,000	3,441,000	12.1
1923	29,293,000	1,532,000	5.2
1924	30,234,000	2,315,000	7.7
1925	30,941,000	1,775,000	5.7
1926	31,808,000	1,669,000	5.2
1927	32,695,000	2,055,000	6.3

The authors of this table emphasized the fact that these figures are merely the best estimates which it is possible to make from the scattered and imperfect materials available. They are subject to considerable margins of error. They do not profess to show the high points reached by unemployment in bad seasons--they only give yearly averages.

Reading from a governmental hearing (10) brings out the difficulties the country has to estimate the number of unemployed.

(9) Recent Economic Changes. Conferences on Unemployment. Mc Graw-Hill Co. New York Vol. 11, p. 879.

(10) United States. Hearings Education and Labor 70th Cong. S Res 219 p. 187

The method, the figures given have been derived from the
another from the statistics of employment. They further contain
employment in business. As a check on the figures, however,
and an estimate in business, they are in the same range as
following table (2) is given to show an approximation of the
fact that the above figures are approximate.

TABLE 2
Estimated Average Minimum Volume of
Transactions in the United States,
1927-1937

Year	Estimated Average Minimum Volume of Transactions	Estimated Average Minimum Volume of Transactions	Estimated Average Minimum Volume of Transactions
1927	25,000,000,000	1,400,000,000	1.4
1928	27,000,000,000	1,450,000,000	1.45
1929	28,000,000,000	1,500,000,000	1.5
1930	29,000,000,000	1,550,000,000	1.55
1931	30,000,000,000	1,600,000,000	1.6
1932	31,000,000,000	1,650,000,000	1.65
1933	32,000,000,000	1,700,000,000	1.7
1934	33,000,000,000	1,750,000,000	1.75
1935	34,000,000,000	1,800,000,000	1.8
1936	35,000,000,000	1,850,000,000	1.85
1937	36,000,000,000	1,900,000,000	1.9

The authors of this table considered the fact that these figures are only the best estimates which it is possible to make from the statistics and information available. They are subject to considerable margin of error. They are not perfect, but the high figures reached by these estimates in the second year will give some evidence.

Notes: (1) Governmental statistics (2) other data are from activities the country has to estimate the number of transactions.

(3) Bureau Economic Research. The statistics on transactions in the United States, Vol. II, p. 27.
(4) Federal Reserve Bank of New York, New York, 1937, p. 219.

Statements of Ethelbert Stewart, United States Commissioner of Labor Statistics said that the shrinkage in the number of men on the payroll (July, 1921) was 1,874,000 and as far as could be estimated or guessed about 4,000,000 were out of work. The whole tone of this particular reference clearly discloses the fact that there is no way to show actual unemployment figures. All witnesses testified to the fact that they were always cognizant of unemployment existing.

Most of the discussion relative to the existence of unemployment has been of a nature that deals with normal times. Coming to a period of depression, Census of late January, 1931, which is the time that all people are conscious of unemployment, we find 6,050,000 out of work and an additional 250,000 to 300,000 laid off without pay. (11) This number, however, failed to include those on part time, a group which probably amounts to another six or seven million. (12) "Some ten or twelve millions of workers, about one fourth of the working population, were seriously affected by the 1929-1931 depression." (13) Secretary Lamont estimated the figures at 4,900,000, President Hoover in his message of December 2, 1930 accepted the census figures of April, 1930 as 2,500,000. (14)

Finally, a perusal of our daily newspapers, weekly and monthly magazines, evening radio hours, yearly community appeals, constant talkie-movie news reviews, and last but not least, our own

(11) New York Times, March 21, 1931.

(12) Persons, Charles E. Address on Census Reports on Unemployed. A'30

(13) Laidler, Harry W. Unemployment and Its Remedies No. 22 League Ind. Dem. p. 6.

(14) Ibid., p. 7.

experience and that of our friends, relatives and neighbors tell all of the ever present problem of unemployment.

SECOND STEP. THE CONSCIOUSNESS OF A "FELT DIFFICULTY" FOR THE LEADERS IN THE UNEMPLOYMENT PROBLEM.

More employers today are experimenting with some of the methods of reducing the evils resulting from unemployment. Some feel that it is good business; others may be leaders of men who have their employees' interest in the alleviation of unemployment since the President's Unemployment Conference. The attendance of the business leaders at this important meeting show that the felt difficulty is realized by many of them. Efforts have been made to interest leaders in industry in the problem of stabilizing employment, the evidence that has been collected and printed in the governmental hearings will provide an opportunity for a better understanding of the whole situation and advances have been made in the effort to solve the problem.

Business activity, i.e., general recession in business, has called more and more to the attention of the owners the high cost of labor turnover by the large reserves of needed labor. A survey of American manufacturing and marketing covering 100 different firms of as nearly as possible fair samples of normally successful established businesses was made. The survey shows that evidence exists of a growing number of business men who care a great deal for something more than they get out of business itself. The Rotary Code of Ethics asserted in July, 1915 that modern business has obligations beyond the law. In 1921, 1922, 1923, dozens of trade associations adopted ethical codes; in 1924 the United States Chamber of Commerce code and Hoover's Principles of Business ethics; and in

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1926, "there was almost an epidemic of books on business ethics."

(15) All of these paid more attention to the social obligation of reducing unemployment and wrote of the social obligation of the employee as a factor to be considered in good business dealings. True enough, the trend of the writings had to do with the training for general business management, yet this fact in itself makes it possible that human problems will some day get a greater share. It is significant that several hundred business executives are members of some national association of the social sciences. (16)

A series of radio addresses (17) given under the auspices of the President's Emergency Committee for Employment places the experience and judgment of outstanding industrial executives before the whole country. These addresses were given as nation wide broadcasts during December, 1931 and January 1932. The experiments being tried to alleviate the evils of unemployment were explained by the speakers. Such men as the following took part in this educational program: Gerard Swope, president of the General Electric Co.; Cyrus McCormick, vice president, International Harvester Co.; Henry S. Dennison, president, Dennison Manufacturing Co.; Walter G. Teagle, president, Leeds and Northrup Co.; William G. Stueber, president, Eastman Kodak Co.; William Green, President, American Federation of Labor; William G. Proctor, chairman of board, Proctor and Gamble Co.; Myron C. Taylor, chairman of finance committee United

(15) Hiersmans, E. L. Codes of Ethics, 1924.

(16) See Membership, American Statistical Association Journal, June, 1927.

(17) United States. Unemployment--Industry Seeks a Solution. United States Printing Office, Washington, D. C., 1931.

States Steel Corporation; and, Lawrence A. Downs, president Illinois Central System.

Recent writings by men and women of the non-radical classes must be bringing the attention of the business leaders to the consuming power of the masses. The worker is a producer from 7 to 5. After the close of the factory or office day, he is a consumer and thus plays the role of the fourth and necessary factor in the field of commerce and industry. He fails to consume the products of the factory because due to lack of work he is without funds to buy them. Failure to find a market means the closing of factories and the loss of investment return the stockholders.

To recite only a few excerpts of the articles calling attention to the unequal distribution of wealth, "504 persons in the United States had incomes in excess of \$1,000,000 for the year, 1929, according to Federal tax returns, while 38,650 received income of \$50,000 or more." (18) "In 1926, those receiving an income of \$5,000 or more in terms of 1913 dollars, while constituting but 0.67 per cent of the income recipients received 12.7 per cent of the income as compared with 7.5 per cent in 1920." (19) "Inequalities in the distribution of wealth and income means that the great mass of population is deprived of purchasing power, while a minority have much more of such power that they can use and must invest their surplus in productive enterprises..... Lack of purchasing power causes unemployment.....Unemployment in basic in-

(18) New York Times, March 16, 1931.

(19) King, Willfred I. The National Income and Its Purchasing Power. 1926. p. 173-80.

United States Steel Corporation, and, Lawrence A. Dowd, President, Illinois

Central States

Recent writings by men and women of the post-World War II class
must be bringing the attention of the business leaders to the con-
sumption power of the masses. The worker in a factory does not
After the close of the World War, he is a consumer and
thus plays the role of the market and necessarily factor in the
of consumer and industry. Mr. Davis is concerned the progress of the
factory business and its lack of work as is without failure to pay taxes.
Failure to find a market means the closing of factories and the loss
of investment within the establishment.

To realize only a few examples of the economic crisis affec-
tion to the general situation of affairs. \$500 per year in the
United States had income in excess of \$1,000,000 for the year
1927, according to Federal tax returns, while 30,000 received in-
come of \$50,000 or more. (12) In 1927, those receiving an in-
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ceiving less than \$500 per year of the income tax returns in 1927
and of the income tax returns in 1927. (13)
Industrialization is the distribution of wealth and income means that
the great mass of population is deprived of purchasing power, while
a minority have much more of such power and they can use it to
invest their surplus in productive enterprises. (14) Lack of pur-
chasing power means unemployment. (15) Unemployment in mass in-

(12) New York Times, March 10, 1927.
(13) Ibid., February 1, The National Income and Its Purchasing
Power, 1927, p. 17-20.

dustries slows up production in less essential industries." (20) Frank A. Vanderlip, president of the National City Bank, says in substance that the present crisis of unemployment was due to the fact that capital kept too much of the profits of business and labor did not have enough money to buy its share of the manufactured products. John A. Hobson, well-known British economist, says, "The policy of a better and more equitable division of surplus income plays in two ways into the hands of capital; first, by substituting more plant and power for manual labor, and secondly, by strengthening the capitalist's power to limit supply and fix selling prices at a level which yields the maximum profit." (21) "For the wage system to adjust individual incomes fairly, and there is every reason to believe that this is the desire of the bulk of the population, an assessment of the value of each occupation relatively to others is highly desirable." (22)

The avalanche of the mutterings of the disappointed workers without jobs; the added cost due to idle plants and machines, sustained losses due to depressions; the proposed legislation for governmental control of business by the numerous politicians, we feel have all tended to give the leaders the emotion of a felt difficulty attending unemployment. It behooves them to take the initiative before matters are brought to a crisis. Sentiment as expressed by the leaders of over two hundred leaders of representative American businesses leads Henry Bruere, Chairman of the Commission of

(20) Watkins, F. E. Introduction to the Study of Labor problems, p. 220

(21) Vogel, L. F. Unemployment--Its Causes and Cures. Chapman and Hall London, 1925. p. 184

(22) Hobson, John A. Rationalization and Unemployment. Reprint in Unemployment and its remedies. Laidler, H. W. p. 88

question about its production in less essential industries." (20)
Frank A. Vanderlip, President of the National City Bank, says in
evidence that the present crisis of unemployment was due to the
fact that capital had too much of the profits of business and in-
vested it in the stock market and in the purchase of securities
rather than in the production of goods and services. He says:

"The policy of a better and more equitable distribution of earnings in-
come gives in two ways into the hands of capital: first, by the
elimination of more plant and power for rental factors, and secondly, by
strengthening the capitalist's power to limit supply and fix prices.
The effect is a level which yields the 'income effect.' (21) For
the need is to adjust production to demand, and there is
every reason to believe that this is the failure of the rule of the
monopoly, an assumption of the value of a monopoly position relative
to others is highly desirable." (22)

The weakness of the testimony of the distinguished workers
without jobs; the added cost due to idle plants and machines, ex-
cessive losses due to depression; the proposed legislation for
governmental control of business by the numerous politicians, as
well as the need to give the leaders the action of a fair trial;
only increasing unemployment. It is obvious that in the future
the balance between the interests of capital and the workers as expressed
by the leaders of the great organized labor movement must be
can be maintained. Leads Henry Brown, Chairman of the Commission of

(20) Hearings, F. E. Investigation to the Study of Labor Problems,
p. 20.
(21) Vogel, J. F. Unemployment--Its Causes and Cures. Chicago and
New York, 1932, p. 12.
(22) Hobson, John A. Nationalization and Unemployment. London 1931.
Unemployment and its remedies. London, 1931, p. 25.

Unemployment Problems for the State of New York, to state, "This depression seems to have developed the desire on the part of American business to stabilize operations and employment. It has given the managers of all types of business an opportunity to try out various methods of planning that in some instances have given brilliant results in keeping business going, despite the obstacle of hard times." (23) A detailed explanation of the interest these firms have taken which show that they have sensed the "felt difficulty" attending the unemployment problem will be treated later.

THE THIRD STEP: EXACT AND CONCISE DEFINITION OF THE UNEMPLOYMENT PROBLEM.

"As I see it, unemployment is that condition arising when any number of workers are available, who are capable and willing to work, but cannot find work because of industrial maladjustments within the plant or industry or because of general economic conditions at home or abroad." (24) Stated in simple fashion, unemployment means the excess of the supply of labor over the demand for labor. (25) The supply of labor is drawn from the entire population; the demand emanates from the employers. The major problem, that of maladjustment between the supply of and the demand for labor must focus our attention. The big question, unemployment rather than the unemployed, discussions of causes and preventative final remedies will over shadow the idea of relief for non workers. In other words, this problem must be approached not from the point of

(23) New York Less Unemployment Through Stabilization. Albany. p. 25

(24) Sebring, Edgar D. Bulletin Taylor Society. Aug., 1924, 9:177.

(25) Beveridge, W. H. Unemployment, A Problem of Industry. Longmans, Green and Company. London, 1912., p. 3.

view of charity but from that of industry.

STEP FOUR: ANALYSIS OF THE PROBLEM OF UNEMPLOYMENT INTO ITS ELEMENTS OR COMPONENT PARTS.

First, what are the causes of unemployment?

Second, how can these causes be reduced or eliminated?

This step will endeavor to bring the instructors of our navigation pupils the reasons why unemployment continues to exist.

The personal causes, physical incapacities and industrial inefficiencies, will have to be dismissed with but scant attention. We hope a decrease in this number of chronic unemployed will result after the industrial causes of unemployment are remedied and the business and industrial leaders get their houses in order. We believe some provision should be made for the pensioned employee. Some writers urge that the home, medical science and the school, particularly the latter, will solve the cases of the physically incapable and the industrial inefficient. Be that as it may, we do not feel that industry can be asked to assume the burden of those mentally incapable and those who have had inadequate preparation for industrial pursuits. It is only to be expected that individual plants now needing labor reserve will continue to employ this type of labor. Again, under the remedies suggested it is to be hoped that this cause of chronic unemployment will be cut down. More of this cause of unemployment later when the subject of public employment offices is discussed. This better organization of the labor market will benefit both labor and employer.

All writers seem to be in accord with the following industrial causes of unemployment. It is to these that greater attention must

be given. The causes are Seasonal, Cyclical, and Technological.

Seasonal unemployment seems to be the principle single cause of the total volume of unemployment. It is brought about by uneven purchasing or by weather conditions affecting production. Such industries as men's clothes, candy making, book printing, furniture, fertilizer and farm machinery manufacturing, etc. are typical industries affected. The fact that the consumers buy their products at certain seasons means that the retail sales are sharply peaked at the time of purchase. Retailers are slow in ordering stock greatly in advance of sales and the factory production is irregular--slow in spots and rapid in other times--resulting in fluctuations of employment. The climatic feature is a second reason why these irregularities of employment take place. Building and general construction with their allied contributing lines, and the canning and preserving industry offer examples of industries affected in this manner.

An examination of a chart, "Wage earners, by month, for the United States, for individual industries, 1925, page 1208, U. S. Department of Commerce, Biennial Census of Manufactures, suggests that all industries are seasonal. Hardly any show an even distribution of employment throughout the calendar year. Some individual plants within these industries do show steady and regular employment from month to month. It is our purpose to show how the successful attack on seasonal employment of these firms can lead to further success in other firms. The methods used will be described in one of the following steps in the solution of the

be given. The sources are General, Weekly, and Technical.

General management seems to be the principle which

of the value of management. It is brought about by an

even gathering of by various conditions affecting management.

When industries are many, diverse, many things, many things.

Industrial, industrial and some industrial management, etc. are

typical industries affected. The fact that the consumers pay their

products of certain seasons seems that the retail value is about

by means of the time of purchase. Industries are also in various

times greatly in value of value and the industry production is

industrial--also in value and value in value--value in

industrial--also in value. The value of value is a good

reason for the value of value of value. But the

and the general connection with the value of value is

and the value and value of value of value of value

the value of value of value.

An examination of a value of value, by means, for the

value of value, for value of value, 1952, page 1952, U. S.

Department of Commerce, Bureau of Economic Analysis, suggests

that all industries are affected. But the value of value

value of value of value at the value of value. But the

value of value within the value of value to show steady and

for value of value from value of value. It is our purpose to show

for the value of value of value of value of value of value

can lead to further value of value of value. The value of value

be described in one of the following steps in the value of value

evils resulting from unemployment.

The advocates of the various plans to remedy the loss of employment due to seasonal causes emphasized the fact that once American business men attack this cause, much of the irregularity of employment could be eliminated. Once the state of mind is created, business men will follow the fashion of stabilizing their employment because experience has shown it to be highly profitable. Decreasing costs per unit of output has been secured. The fact was emphasized, "that benefits accruing to organizations which had undertaken a stabilization program have been considerable." (26)

Cyclical unemployment. A second cause for the persistent recurrence of the unemployment evil is the "cycle of business." Business is far from regular in its course, but moves through periods of prosperity, recession, depression and revivals. These fluctuations are not limited to particular trades but visit all businesses and industries. Each of the periods of the cycle show the effects of the reaction.

Books have been written and unlimited pamphlets and magazine articles printed endeavoring to place the blame on some single incident or individual. Listed among the causes of the cycle we find the fear psychology of the business man; monetary policy; underconsumption and over production. Hosts of writers have refuted these causes and set up other reasons as the chief cause. Indecision is rife.

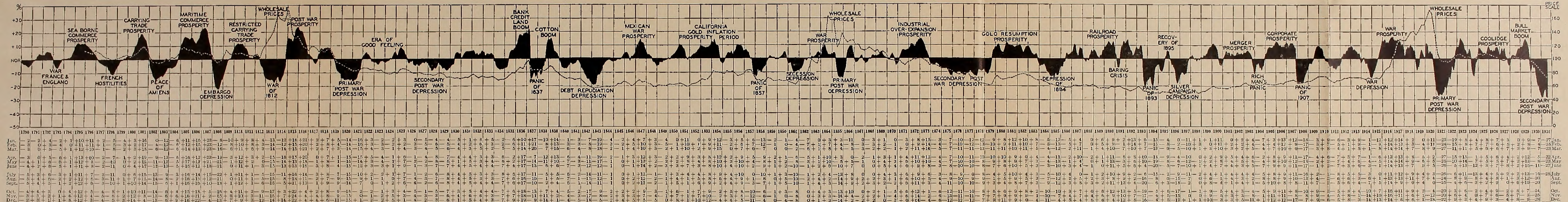
(26) Lubin, Isador, Summary of Unemployment Investigation. Brookings Institute. Washington, D.C. 1929, p. 491.

The writer feels that the truth of the matter rests in the conclusion that despite all research the nature of the cycle cannot be isolated. No single cause can be put forward as to the reason for its returning. The depressions and revivals have followed each other with the attending evils of restricted operation, low profits, bankruptcy and unemployment some fifteen times during the last century. The Ayers chart on page 19 (27) will show far better than narrative the hills of prosperity and the valleys of depression in the United States from almost the time of George Washington to the present. This chart shows the swings of American business activity rose above the computed normal level, or fell below it. The light dashed line running through the diagram represents the course of wholesale prices, if the average for 1929 is taken as equal to 100. During this long span of years there have been 20 well defined periods of serious depression, of which the present one is the most severe. In January and in July of 1931 business activity dropped to 28 per cent below normal. The next lowest record is that of the depression of 1921, which reached a low point of 27 per cent below normal. The two longest depressions came in the 40's and in the 70's, and each lasted nearly six years.

The common features of all of the periods of the activities shown in this part are about the only thing we have learned definitely. Let us start with any of the periods of depression. We find unemployment low and orders for industrial products scarce.

The writer feels that the right of the writer to the
conclusion that despite all research the nature of the cycle can-
not be isolated. In this sense it is not isolated as so far
reason for its existence. The distinction and relevance have been
in each other with the essential value of research operation. In
this, however, and in the present state of knowledge, the
last century. The first chart on page 17 (27) will show the pattern
than narrative the hills of prosperity and the valleys of depression
in the United States from about the time of George Washington to
the present. This chart shows the nature of business cycles
activity rose above the computed normal level, or fell below it.
The first dashed line running through the diagram represents the
course of wholesale prices. If the average for 1929 is taken as
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activity dropped to 55 per cent below normal. The next lowest
record is that of the depression of 1921, which reached a low point
of 27 per cent below normal. The two deepest depressions came in
the 20's and in the 30's, and again lasted nearly six years.
The common feature of all of the periods of the activities
shown in this chart are about the only thing we have learned as
definitely. But as apart with any of the periods of depression
we find numerous of low and orders for industrial products scarce.

AMERICAN BUSINESS ACTIVITY SINCE 1790



THE index is composed of one set of 10 series of annual data from 1790 to 1855, and of another set of 10 series of annual data from 1855 to 1901. The fluctuations above and below normal were computed for each series separately, and the 10 were then combined in one. Normal values for each series were means between one set of lines running from one prosperity peak to the next, and another similar set of lines running from each depression bottom to the next. The annual figures from 1901 to 1919 are those of the Thomas index of manufacturing production with mineral production added, and from 1919 to date the monthly figures of the Federal Reserve (Thomas) index of industrial production have been used. All the data were reduced to a per capita basis. The computations of the fluctuations of each of the 10 series constituting the index

from 1855 to 1901 were carried through to include 1930, and the coefficient of correlation between each of them and the production series running from 1901 through 1930 was computed. Their deviations were then multiplied through by constants so as to equate their amplitudes of cyclical fluctuation. Each of the 10 series was then given a weight based on its degree of correlation with the production series, and with these weightings they were combined into a single index. The 10 series with these weightings are pig iron consumption 15, railroad freight ton miles 15, cotton consumption 14, canal freight (New York and Sault Ste. Marie) 12, coal production 12, construction of miles of new railroads 12, blast furnace activity 10, rail production 6, locomotive production 2, and ship construction 2. The 10 series combined give results closely similar to those of the production series

for the overlap period from 1901 through 1930. The heights of prosperities, and the depths of depressions, are closely alike in the two series. The coefficient of correlation for the period is .95. Their average deviations for the period are equal. In a similar way the computations of the fluctuations of each of the 10 series constituting the index from 1790 to 1855 were carried through to include 1882, and the coefficient of correlation between each of them and the first 28 years of the index running from 1855 to 1901 was computed. Their deviations were then multiplied through by constants so as to equate their amplitudes of cyclical fluctuation. Each of the 10 series was then given a weight based on its degree of correlation with the first 28 years of the index from 1855 to 1901, and with these weightings they were combined into a single index.

The 10 series with these weightings are commodity prices 20, imports 18, imports retained for consumption 16, government receipts 14, ship construction 12, government expenditures 6, coal production 6, exports 5, iron exports 2, and tons of registered shipping in service 1. The 10 series combined give results closely similar to those of the other index for the overlap period from 1855 through 1882. The heights of prosperities, and the depths of depressions, are closely alike in the two series. The coefficient of correlation for the period is .90. Their average deviations for the period are equal. When the annual data were determined the monthly data were fitted to them. These monthly data were based on the figures of the business index of the American Telephone and Telegraph Company and on data for blast furnace activity from 1877 to 1919. Monthly

data for bank clearings and for stock prices were used from 1861 to 1877, and those for security and commodity prices from 1815 to 1861. From 1790 to 1815 the monthly data are based on commodity prices. The dashed line represents the changes in wholesale commodity prices. The index used is that of Professors Warren and Pearson (Cornell), recomputed so that the average for 1929 equals 100. This series was used from 1798 to date. From 1795 to 1798 the Smith series was used, and from 1790 to 1795 a British price index was used. August, 1931.

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To stimulate new business, prices and the cost of production are made low. The result of these plans result in more depression-- buyers decline to purchase while they wait for the bottom price to come. A further result of the falling prices cause the few factories carrying on to suspend operations and their employees are added to the non-working public. This new list of laid-off workers further restrict other producers and this new group of manufacturers join the ranks of those curtailing or stopping work. Here we could continue ad infinitum. Despite the huge labor supply and the cheap capital, a paralysis of fear, a hesitancy to undertake new schemes affects all; the confidence needed to start the ball rolling is lacking and periods of almost total inactivity exists. The following statistics will show the effect of the lessened business, "By the time the bottom of the depression has been reached, the employment of labor in the manufacturing industries may decline by as much as 25 to 30 per cent, as was the case between early 1920 and the first half of 1921. During the depression of early 1919 employment fell approximately 15 per cent below that of the third quarter of 1918, while in 1914-15 employment was about 10 per cent below the average for the peak which preceded.....The depression of 1921 forced out of employment about one-seventh of the working population, or approximately 4,000,000 workers who had jobs at the crest of the 1920 boom." (28)

Some time later (a vague, uncertain, indefinite date) the in-

(28) United States. Hearings before the Committee on Labor, 70th Cong., 2d session, S. Res. 219, December 12, 1929, p. 494.

to illustrate the situation, which was the case of production and
made low. The result of these changes was in more production--
others during the period which was left for the bottom price to
come. A further result of the falling prices was the low level
the carrying on to reduced operations and small employees and added
to the non-working public. This was the case of half-odd workers during
the period of the production and this was the case of production in
the terms of these conditions of working work. There is a great deal
about the situation. Besides the high labor supply and the great
amount, a balance of labor, a balance of labor to production was reduced
efforts all; the conditions needed to state the full picture is
looking and periods of almost total inactivity during the follow-
ing statistics will show the effect of the reduced business. By
the time the bottom of the situation has been reached, the employment
of labor in the manufacturing industries may decline by as much as
25 to 30 per cent, as was the case between early 1932 and the first
half of 1931. During the depression of early 1933 employment fell
approximately 15 per cent below that of the third quarter of 1932.
While in 1934-35 employment was about 10 per cent below the average
for the peak years preceding. The depression of 1931 forced out
of employment about one-seventh of the working population. At ap-
proximately 1,000,000 workers who had gone to the front of the 1930
boom. (25)

Good time later (a vague, scattered, indefinite date) the 1-

(25) United States, Bureau of Labor Statistics, Bureau of Labor
Statistics, 1934, December 1934, p. 25.

ventories of goods on hand at the cessation of the almost totally inactive period of production becomes all used. Few factories get few orders. These orders all new life to allied industries. The reemployed have a purchasing power which they use and increasing demands reverse the order of the downward roll of business. At the same time as the low cost of construction which appears at the time of depression such firms as cater to household demands (public utilities, etc.) which do not feel the full force of the business decline are encouraged to build projects. It is said that as many as 27 separate industries are thus favorably affect in time and the tide of business has come. Briefly, the restored confidence releases the fear paralysis and then fair, good, and boom times occur in order. Increased speculation, and entire forgetfulness (an inherent human weakness) of the existing order that once lived brings about the sad conditions again.

The measure suggested, not for the entire elimination which the writer if frank to admit is improbable, but for lessening and shortening these cycles will be discussed later under the heading of reserves for public works.

A writer (29) prominent in labor circles tells of some of the displacements of workers by mechanical devices and power. "Steel: Seven men now do the work which formerly required 60 to perform; 2 men now do the work which formerly required 128; 1 man replaces 42 in operating furnaces. Brick: A machine in Chicago makes

(29) Green, William, Hearings, S. RES. 219, op. cit., p. 64

40,000 bricks per hour. It formerly took one man 8 hours to make 450. Machine works 711 times faster. Glass: The most up-to-date machine makes in one hour what it would take 41 workers to make by hand. In 25 and 40 watt electric bulbs the out of machines is more than thirty-one times that of the hand process. Cranes and tractors: Three men replace 28 in Youngstown Sheet and Tube Co. with tramrail crane; 5 men with tractors replace 28 men as loader. "

Musicians, telegraphers, telephone operators, printers, clerical workers and other lines are being thrown out of work. True, these developments lead to cheaper goods for the consumer and some of the workers are rehired in newer industries, but an investigation of 754 discharged workers results in these findings of the Institute of Economics, Brookings Institution: "344, or 45.5 per cent of the 754, had not been able to find steady work and were still unemployed. Of this number, 76 per cent had been unemployed for over 2 months, 65 per cent for over 3 months, 41 per cent for over 6 months, and 19 per cent for over 9 months. Only 12 per cent of those finally placed found work in less than a month, while nearly three out of four (72 per cent) of these had been unemployed for over 2 months before they secured a job. Fifty-six per cent, a majority, had gone over 3 months, with^{out} work, 41 per cent, over 4 months, 24 per cent, over 6 months, and 11 per cent, over 8 months." (30) Bear in mind that bootlegging was one of the types of new jobs found. All of the men and women displaced were forced into unskilled trades

(30) Lubin, Isador. The Absorption of the Unemployed. Proceedings American Statistical Association, March 1929, p. 36.

and its subsequent lower wage and lessened standard of living. Yet, were they responsible for their plight!

The writer believes, as did scores of witnesses appearing before the Committee on Education and Labor United States Senate Hearing on Unemployment, that the States should provide some arrangement for easing the burden of the workers. Some scheme to better organize the labor market and prevent the maladjustment of supply of labor and demand for labor. To this end, a future part of this paper is devoted to the means of lessening the unemployment of these transitional workers. It is suggested that an efficiently organized and administered employment exchange and unemployment insurances scheme be effected.

STEP FIVE: ASCERTAINMENT AND DISCUSSION OF PERTINENT SUBJECT MATTER THAT IS NEEDED TO SOLVE THE UNEMPLOYMENT PROBLEM.

The finding, analysis and appraisals of reports on unemployment and systems for prevention and relief of this problem is comparable to the learning exercise in the laws of learning. The leaders and the workers must be considered at all times. All existing agencies that may help in the bringing out pertinent subject matter must be used. To this end, we proceed to a discussion of the remedies proposed.

The government, both State and Federal, as well as the leaders of private industries and their army of workers will of course be the participating agencies. The duties of each will be set forth in proper relation. We shall first examine the attack on seasonal cause of unemployment by the parties involved, governmental statistical resources and American Industrial Stabilization schemes, the

first being a necessary forerunner for the success of the second.

The Government's part (aid to voluntary action)

"Current information should be available at all times showing the status of production and trade and the extent of employment and unemployment. Without this information the distribution branches of industry, i.e., the wholesaler, jobber and retailer, cannot make rational future commitments (31).

The United States already has developed the art of statistician. Banks, universities, government departments, and industries and tell to the last decimal point how many yards of tons of all products have been made and carried and what the public has bought. A definite plan for using these aids should be inaugurated.

State and National conferences on unemployment, publishing the experiences of industries trying out some scheme of eliminating unemployment, and using the radio and other means of keeping the thought of stability in the minds of the employers and workers. The business man should be educated to the existence and use of these aids.

Reviewing the policy of the Pennsylvania Committee on Unemployment which has been doing extremely good work along the line of alleviating unemployment, we find the following digest indicative of what the government can do. The State recognized its role as a secondary one in the matter. It is being of assistance to private industry by stimulating the movement toward stabilization by offer-

(31) United States. Recommendations. Committee on Education and Labor, Senate Report No. 2072, Feb. 9, 1929 p. 517

first being a preliminary investigation for the purpose of the second.

(The Government's Bill is a preliminary period)

Current legislation should be available at all times showing

the status of production and trade and the extent of the industry

and management. Without this information the distribution

branches of industry, i.e., the wholesale, export and retail

sectors are not fully understood (1911).

The United States already has developed the art of statistical

work. Banks, universities, government departments, and other

and still to the last detail point out the value of such

statistics have been made and carried out and the public has

A definite plan for each year also needs to be formulated.

Since the Government is an employer, employer

the experience of the United States during the years of elimination

wholesale, and using the radio and other means of keeping the

branches of industry in the hands of the exporters and workers.

The business was made to be adjusted to the state and the

state also.

Reviewing the work of the International Committee on Statistics

and which has been doing extremely good work along the line of

investing international, we find the following almost indicative of

what the government can do. The state recorded its role as a

primary one in the matter. It is doing its assistance to private

industry by subsidizing the movement toward international

(11) United States, Recommendation, Committee on Statistics and

Labor, Senate Report No. 2075, 75th Cong., 1st Sess., 1917

ing competent technical advice concerning the best means of realizing this end. A series of conferences in various parts of the State were held in co-operation with the Manufacturer's Association and the State and local Chamber of Commerce where the definite accomplishments of specific businesses were described in the attempt to popularize this method of coping with seasonal problems of industry. The Department of Labor and Industry is preparing technically competent bulletins describing the methods used and wide circulation among business managers was made of these. Every method possible is used to get industrial associations to take the problems to heart. Unpaid technical staffs of competent economists, engineers and business men have been secured to offer their services on a per diem basis to individual firms who desire to stabilize. Ultimately, a special engineer or business executive will be appointed to the staff of the Department of Labor and Industry whose duty will be to promote such programs and to advise firms about the best methods to adopt.

The Committee on Regularization by Private Employers under the leadership of Messrs. Rawle and Grundy held meetings in Philadelphia, Harrisburg, and other important points and fruitful evidences of the co-operation between government and industry have grown and multiplied. (See note below)

The organization effected in the State of Ohio is noted for its thoroughness, and for the industry which characterized its operation and the results it has obtained. Influential, able, and active groups in each community of every county provided a state-wide corps of workers, anxious to improve business and em-

Note: This Committee consisted of important representative industrial leaders was appointed by the Governor on November 8, 1930.

an important technical advice concerning the best means of raising
the level of living in various parts of the State
were held in co-operation with the Department of Agriculture and
the State and Local Boards of Health. These the various committees
made of specific business and decided in the attempt to pro-
pound this method of action with a view to the progress of industry.
The Department of Labor and Industry is gradually becoming more
recent business describing the various means and wide circulation
among various members and made at times. Every method possible
is used to get industrial organizations to take the necessary
steps. Special technical advice of competent economists, and local
and business men have been selected to offer their services on a
part-time basis to industrial firms who desire to establish
themselves, a special engineer or other executive will be appointed
at the staff of the Department of Labor and Industry whose job
will be to process such projects and to advise firms about the best
methods to adopt.

The Committee on Regulation by Private Enterprise under the
leadership of Messrs. Baine and Brady held meetings in Philadelphia,
Harrisburg, and other in distant points and invited witnesses of
the co-operation between government and industry have grown and
multiplied. The work will

The organization offered in the State of Ohio is based on
its effectiveness, and for the industry which characterizes the
operation and the results of the program. Industrial, who
and active groups in each community of every county provided a
state-wide corps of workers, anxious to improve business and in-
crease the production of goods. It is a movement which began in 1930.

ployment. The progress made in pushing forward necessary public work under contracts made by the State was most gratifying. The contracts actually let during the first six months of 1930 exceeded by 245 per cent the amount let during the first six months of 1929, and by 68 per cent the amount let during the corresponding period in 1928.

Much more might be written about the accomplishments of Massachusetts, California, and the several other states but it is sufficient at this time only to state that any State desiring to use plans similar to the ones designated might adapt its method to develop the resources it has to meet the conditions. The Federal Government can and should prove helpful by its taking the lead. Planning for America on a national scale has already been given publicity by the La Follette bill now pending before the Senate. This measure would create a National Economic Council of fifteen members to be appointed by the President from lists of candidates suggested by industrial, banking, farming and labor groups. It would be the duty of this council to "keep advised, consider problems, formulate proposals, to make special reports to the President and to Congress of general economic and business conditions." (32) This plan is entirely a proposal for voluntary action. Congress and the State Legislatures and private business might do what they would with the recommendations emanating from the Council.

As regards unemployments statistics: There is no scientifically

(32) Beard, Charles A. American Faces the Future. Houghton Mifflin Company, Boston. 1932. p. 3.

acceptable system of statistics of unemployment in the United States today. Attempts have been made to do other than to give the percentage of shrinkage of unemployment but they were given up for one reason or another. They do not sample sufficient representative types of industries. The estimate leaves out the workers leaving industry and going into business for themselves. Some are retiring and living on their incomes. Others leave industry to go to school. Immigrants come in to the country each year to the number of about 300,000. This number is a conservative estimate. Honorable John Lable, House of Representatives says, "226,829 immigrants came in lawfully during the fiscal year ending July 1930 and about 150,000 came in unlawfully." (33) Movements of people from farm to city and young folks from school to business careers are also ignored. Furthermore, the system does not allow for first hand data concerning trade, agriculture, mining, personal and domestic service or clerical workers. These classes of workers have been increasing more rapidly than ever before.

The figures of Bureau of Labor statistics throw little light upon unemployment because it assumes certain years as years of no unemployment. Any plan for the prevention or relief of the problem must collect information that is scientific and trustworthy. The Bureau can now tabulate valuable information about unemployment, ages, sex, former occupations, distributions, etc. More funds in the budget of the Department will enable it to extend the scope of investigation. The policy of the Bureau should be expanded by securing information from more factories in the country and by adding to its list of investigation the newer industries that have come into existence. These recommendations should be followed. This will give knowledge of the general check

(33) Facts on Immigration. Protectionist 42:253, September, 1930.

of the buying power of the worker. States not now gathering statistics of unemployment should be encouraged to do so. This information will show industries affected, geographical distribution and other facts essential to understanding and alleviating the problem. The sum total of all states will be of vital importance to the Bureau of Labor and Statistics.

Reference has been made to the States' factfinding agencies. Reports of the works, Massachusetts (33), Pennsylvania (34), Ohio (35), and New York (36) have been examined. Much of the information contained in this part of the paper has been gleaned from these sources and credit must be given for the aid secured. All of these state publications gives proof that education is at last bearing fruit by interesting public officials in the solution of the evils resulting from unemployment. It may well be noted that the suggestions and remedies of all of these States are along the same lines, viz., seasonal fluctuations, cyclical depressions, and technological causes of unemployment. Better still, the proposed remedies follow a similar line of attack, that of governmental and private concentration on the problems concerned. Surely, this is a first indication of the part education is playing. The interest of these and other States comes greatly from the 1929 Unemployment Conference. Public employment exchanges (service to employer and worker)

- (33) Mass. Report of Department of Labor and Industries, Jan.'31
Mass. Preliminary Report on Stabilization of Employment, D'31
Mass. Report on Unemployment, Minimum Wage. Feb. 1923
- (34) Penn. How Many Are Jobless? Special Bulletin 33. July, 1931
Penn. Alleviating Unemployment, 1931
- (35) Ohio. Organization to Promote Employment, 1931
- (36) Conferences on Unemployment. Albany, Jan. 1931
Less Unemployment through Stabilization, Albany, June, 1931.

Public employment exchanges (service to employer and worker)

In 1918, a country wide organization of 800 governmental exchanges was established. State advisory boards and community labor boards acted in conjunction these offices. Since the war, the nine districts with only about 171 offices have collected information about employment and industrial conditions which are published in the monthly bulletin.

Many prominent advocates of a national governmental employment exchange could be called to bear witness to its aid in relieving unemployment conditions. The Committee on Unemployment appointed by the President recommended its adoption. The service designated includes one of an industrial nature which provides comprehensive, timely knowledge of the industrial conditions and in addition furnishes a common meeting ground for the demand and supply of labor, a correlating mechanism which gives information of proposed or actual shifting labor requirements.

Canada, Great Britian and several States show the practicability of such an establishment. According to the Washington Internation Labor Conference in 1919, twenty-three important civilized nations of the world have in operation 5000 national employment offices in their war on unemployment.

Each year the Federal Goverment spends \$200,000 to subsidize State offices which also expend money of their own. The following statistics are given:

Public employment agencies (service to employer and worker)

In 1915, a Ministry with organization of 800 Governmental ex-
changes was established. These agencies, besides and according to
wards noted in comparison with other offices. Since the war, the
district with only about 100 offices have collected information
about employment and industrial conditions which are published in
the monthly bulletin.

Many prominent members of a national Governmental association
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Each year the Federal Government spends \$200,000 to subsidize
State offices which also expend money of their own. The follow-
ing statistics are given:

TABLE C

Available funds for the 170 offices in the States and the District of Columbia, from all sources and numbers of offices maintained the last fiscal year (37)

STATES	NUMBER OFFICES (a)	CASH AVAILABLE (a)
Arizona	1	\$4,960
Arkansas	4	5,880
California	12	85,894
Connecticut	7	51,020
Delaware (b)	1	-----
District of Columbia	1	14,615
Georgia	1	2,100
Illinois	17	231,360
Indiana	5	21,200
Iowa	3	6,600
Kansas	5	15,240
Kentucky	1	1,560
Louisiana	3	1,140
Maine	1	1,420
Maryland	1	4,100
Massachusetts	4	68,810
Michigan	11	35,397
Minnesota	6	43,127
Missouri	4	32,640
Nevada	1	3,070
New Hampshire	2	4,760
New Jersey	6	83,490
New York	11	195,502
North Carolina	6	21,600
Ohio	11	145,606
Oklahoma	4	9,780
Oregon	5	13,495
Pennsylvania	14	83,360
Rhode Island	1	4,900
South Dakota	3	1,260
Tennessee	1	1,560
Vermont	1	1,238
Virginia	5	11,720
West Virginia	1	1,640
Wisconsin	10	67,960
Wyoming	1	900

(a) Includes cash allotted from the Federal Government to State

(b) Maintained by the city of Wilmington, the Federal Employment Service, and various civic organizations.

(37) Financing the Public Employment Service. American Labor Legislation Review, December, 1928, p. 86.

TABLE C

Available funds for 170 offices in the States and the District of Columbia, from all sources and number of offices maintained in the fiscal year 1937

STATE	NUMBER OFFICES	CASH AVAILABLE
Alabama	1	2,000
Alaska	1	2,000
Arizona	12	25,000
Arkansas	7	21,000
California	1	14,000
Colorado	1	2,100
Connecticut	1	27,000
Delaware	1	2,000
District of Columbia	1	2,000
Florida	1	2,000
Georgia	1	2,000
Idaho	1	2,000
Illinois	1	2,000
Indiana	1	2,000
Iowa	1	2,000
Kansas	1	2,000
Kentucky	1	2,000
Louisiana	1	2,000
Maine	1	2,000
Maryland	1	2,000
Massachusetts	1	2,000
Michigan	1	2,000
Minnesota	1	2,000
Missouri	1	2,000
Montana	1	2,000
Nebraska	1	2,000
Nevada	1	2,000
New Hampshire	1	2,000
New Jersey	1	2,000
New York	1	2,000
North Carolina	1	2,000
Ohio	1	2,000
Oklahoma	1	2,000
Oregon	1	2,000
Pennsylvania	1	2,000
Rhode Island	1	2,000
South Dakota	1	2,000
Tennessee	1	2,000
Vermont	1	2,000
Virginia	1	2,000
West Virginia	1	2,000
Wisconsin	1	2,000
Wyoming	1	2,000

(a) Includes cash raised from the Federal Government to State
(b) Maintained by the city of Washington, the Federal Department
Bureau, and various civic organizations.

(37) Finance the Public Employment Service, American Labor Education Review, December, 1937, p. 38.

An examination of Table C, page 30 discloses that the offices vary from 1 in each of eleven States to 17 in the State of Illinois. Thirteen States have no public employment offices whatever. State appropriations for these offices vary from \$900 in Wyoming to \$231,360 in Illinois. The total appropriations of all the State governments aggregate \$1,302,906.

It is evident that the 40,000,000 wage earners cannot be served by the 171 offices existing. To that end, it is recommended that a series of district clearing houses be organized by the Federal Government which will coordinate the activities of the States offices in the various sections of the country in a manner similar to the present organization of the Federal Reserve districts. The Federal Government shall grant a sum to the State in definite relation to the amount the State appropriates for its employment service. The States shall meet certain definite requirements and standards as set by the Federal Director, a trained and experienced man, who will have the confidence of both the employers and workers. In short, a reorganization of the Federal Employment service is advocated which will point toward the objectives mentioned.

Private Industry's part in the solution of the problem (purely voluntary)

Business is playing an important part in the reduction of seasonal unemployment. The four chief means of regularization, one or more of which are employed by the business firms listed in this paper, are:

1. Stimulating consumer and dealer demand during the off-season.

An examination of Table 1, page 35, shows that the office
very few in each of the States of Illinois.
Illinois State have no local and no other offices. These
representations for these offices vary from 2500 in Illinois to 2500
in Illinois. The total representation of all the State Government
representative \$1,302,500.

It is evident that the \$1,302,500 represents a very
small part of the total. It is evident that
a series of similar offices would be required for the State
Government and would be required for the State
Government. The total representation of the State Government
is the same as the total representation of the State Government.
Federal Government shall grant a sum to the State Government
for the amount of the State Government for the State Government.
The State shall have certain definite representation and
of the Federal Government, a fixed and established sum.
will have the equivalent of both the employees and services.
The Federal Government shall have the equivalent of the State Government
and will have the equivalent of the State Government.

Private industry's effect on the collection of the State Government
(1911)
A business is paying an important part in the collection of the
of the State Government. The first chief of the collection, one of
more of which are employed by the business firms is the
State Government and dealer in the collection.

2. Scheduling production so that employment will be fairly evenly distributed through the year despite the fluctuations in sales.
3. Developing side-line and filler products for the slack seasons.
4. Using a flexible working-day rather than alternately hiring and laying off workers.

The experiments and experiences of the following firms show how the problem of seasonal fluctuations are being fourth with great success:

Inducing a steadier rate of purchasing by means of advertising, sales policies and price adjustments:

SEARS, ROEBUCK COMPANY, CHICAGO, ILLINOIS. The vice-president in charge of merchandise states that years ago the mail order business used to be very depressed in January and February and in July and August. The Company then studied its problem and hit upon the plan of circulating a special catalogue, smaller in size than the regular book with prices to appeal to the customers. The result was that this little catalogue not only bridged over the former dull months, but actually has been a stimulator for the larger catalogues. The official who tells of this plan confidently states, "With us the summer slump is now a period of big business." (38)

NATIONAL CLOAK & SUIT COMPANY, NEW YORK CITY. This firm is a mail order house selling textile and women's and children's clothing. It does not do any of its own manufacturing. It employs 1,700. It experiences two heavy buying seasons--one from the end of September to Christmas and a shorter one before Easter. By issuing two additional catalogues--

(38) Feldman, Herman. Regularization of Employment. American Legislation Review, 16:47-56, March, 1929.

one in January for a white sale, one in June for a late Spring sale, small selling peaks in January and June have been added. This leaves its production curve with firm valleys in February, May, July, August and the end of September.

For several years it has been making increasing efforts to transfer workers from one department to another. The white goods department in January, for example, absorbs workers from the other departments which are slack after the Christmas season business.

The packing department in the past hired a lot of full time men and boys in busy seasons and then fired them. At the present time it has a list of High School boys available for part time work.

As these plans were not able to take care of its stabilization problem, three years ago it inaugurated its system of long and short hours. The firm had established a 44 hour week a number of years before. Under the new plan the year is divided into two six month periods in each of which the weekly hours do not average over 44 hours a week. They range, however, from a maximum schedule of $51\frac{1}{4}$ hours from 8:30 to 6:00 daily and Saturday to 4:45 with 45 minutes for dinner to a minimum of 39 hours, 8:30 to 4:15, and Saturday to 12:30 with 45 minutes for lunch. When times are especially slack it closes all day Wednesday in addition. At the beginning of each 6 month period the employees are given the schedule of hours for the entire 6 months. It at the end of the half year more than 44 hours have been averaged contrary to the schedule, either this is made up in the next 6 months period or employees on part time and one half for over time. Workers are paid by the week and their wages remain the same throughout the period.

The plan provides for a variation of over 30% in volume of business without change in working force. In 1920 there was a difference of over 1,000 between the Easter peak and the mid-summer slump and of over 800 between the latter and the Christmas peak. In 1924 these fluctuations were reduced by one-half. No information was available for the 1929 to 1931 period of unstable business. (39)

C.F.MUELLER MACARONI COMPANY, JERSEY CITY, NEW JERSEY. The development of more regular purchase of noodles and macaroni is a case in point. An executive in the industry states that formerly people would not buy this product in summer. The reason was that it was sold in open paper packages loosely wrapped and the cool weevil inside the noodle would be developed by warm and moist weather. This spoilage could have been avoided by the right packing. In 1909, the company purchased the right from the National Biscuit Company to use the In-Seal package, at that time patented. This package is air-tight and keeps the moisture out. By improving the product at the same time, the chief obstacles to the sale of macaroni in summer months were removed. Then, by sales promotion and good advertising appeals, the company fought its way through the strong prejudice that existed against such goods and eventually achieved a substantial warm-weather demand. Similar prejudices against summer purchases have been overcome by manufacturers of the better grades of canned goods. (40) No information was available about the success of this plan at the present time. The packages that are bought in the Summer tell the story.

(39) New York: Less Unemployment Through Stabilization of Operations. Pages 27 and 28. Albany, June, 1931.

(40) Warm-weather Prejudices Overcome. System, July, 1924, page 40.

TAO TEA COMPANY, INCORPORATED, NEW YORK CITY. Sales in tea ordinarily fall off 30% to 40% for three months in the summer. Tao Tea Company, because of sheer inability to stand a falling off in business, was forced to keep summer business up to normal. In the fall of 1922 it started to market a specialty---tea balls. The idea was novel to the consumers and distributors and marketing proved difficult.

In May, \$25,000 was appropriated for advertising. Before advertising was issued, fifteen salesmen demonstrated the possibility of making iced tea with cold water which kept all the natural aroma. Before an advertisement had appeared, increased orders nearly covered the cost. In July business which normally should have fallen off 30% increased 6%; in August sales increased 23% while other tea companies accepted a slump of 30 to 49%. In September sales increased 55%, although competitive sales were still of 25% to 30% according to the fiscal statements examined by the firm's investigators. Efforts were confined to New England and New York.

The next year and each succeeding year up to the present the firm speaks in glowing terms of its endeavor to combat seasonal influxes.(41) HILLS BROTHERS COMPANY, NEW YORK CITY. The case of this company is unique in the ease with which it transformed production from a highly seasonal basis to a much more even level. The company imports and packs dates under a brand of Dromedary Dates. The dates mature in September, were packed in 70 pound boxes, and then transported by steamers to a factory in Brooklyn, New York. There the dates were unpacked, cleaned and sterilized and repacked in small cartons, in which form they are sold. Because of the nature of the crop it is inevitable that the

(41) Feldman, Herman R. Op. cit., page 177.

raw material for a whole year's production must arrive at the Brooklyn factory from Mesopotamia between the months of October and January of each year.

As the greatest demand for dates is from September to January, it was customary in the old days to pack in a small way during the first part of the year and then to concentrate upon high speed production during the first available time after the dates were cleaned. This time happened to be the months from October to December. This meant an average working force during the first eight months of about 200 employees (most of whom were not busy in packing dates but engaged in other operations around the plant) and an average force during the last four months of 1100 employees. The difficulty was to expand a working force overnight from 200 to 100 employees. For years the Company struggled to keep up with the demand for its product which became so insistent in the Fall. In attempting to meet this demand there was a temptation to lower the quality of packing and in other ways to encourage wasteful methods which are bound to creep in under forced draft production.

Finally, conditions became so critical that the executives determined upon a drastic change of policy. Their chemists told them that if, upon arrival, the raw material was placed in cold storage, it would keep indefinitely, provided the proper temperatures to be maintained were determined beforehand. Added to the plant was a cold storage department. More than enough raw material was bought to take care of the fall demand. In 1921 the new plan was tried in an experimental way. The experiment proved successful. Dates

packed in January were taken out of cold storage in September and found to be in perfect condition.

In the following year of 1922, a much larger quantity was packed during the first half of the year, and for the first time in six years, the supply of Dromedary Dates during the rust season was equal to the demand. After the successful experience, the Company awoke to a realization of the great savings which could be effected in attacking the problem from a production standpoint. In the past practically no attention had been paid to the kind of labor employed or its effectiveness during employment. The best way to meet such a situation was to establish a personnel department. The Company did this and procured the services and guidance of a college woman who had had some personnel experience with department store employees.

One of the first needs which became apparent was that of additional lines during the off season for dates. The following products were packed: shredded cocoanut, canned figs in syrup, canned grapefruit hearts, and sliced citron in package form.

The effect of this new program upon the employees has apparently been successful from every standpoint. Most of the date packers are piece workers. These packers are now assured a continuous working period throughout the year as contrasted with the situation in the old days. In dealing with the welcome increased business, the company arbitrarily raised all piece work rates. Roughly speaking, this raise in wages, plus regular work throughout the year, has made an increase amounting to 30% over the former yearly earnings. (42)

(42) Lewisohn, Draper, Commons. Can Business Prevent Unemployment. Pages 16 to 21.

During the January term taken out of each of the departments and

there is no longer any doubt.

In the following year, 1937, the situation was

marked during the first half of the year, and for the first time in

the history of the department, the situation was

marked during the first half of the year, and for the first time in

the history of the department, the situation was

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the history of the department, the situation was

marked during the first half of the year, and for the first time in

The success of the Hill Brothers Company in stabilizing conditions may well be gleaned from the excerpts of the Vice-President's letter. "This type of industrial planning is wise for both good times and bad. It has a sobering tendency in days of buoyant enthusiasm. It helps to ease the strain in days of stress.....After the financial crash of 1929, it became obvious that 1930 would be a year of lessened production. We planned accordingly. The result was that the labor turnover in our main plant was the lowest in the fifty-four years of our existence.....After heavy inventory write-offs, the Company's nets profits for 1930 were approximately 10% less than for 1929.....At this time (June 1931) labor turnover has been even steadier than in the first six months of 1930. We are still maintaining a five day week. We are hoping to continue at this rate throughout the year and at the present writing the chances are quite bright that we shall be able to do so." (43)

Other firms who have met the problem of seasonal fluctuations by inducing a steadier rate of purchasing by experiments along the lines mentioned by those firms above are: Brown and Bigelow, St. Paul; Ives Manufacturing Company, Bridgeport, Connecticut; American Cast Iron Pipe Company, Birmingham, Alabama; Mohawk Carpet Mills, Inc., Amsterdam, New York. Reports from their executive officers tell of the continued success of the regulating policies. "All of our employees are at least receiving a living wage and under existing conditions they are very well pleased with our schemes. In fact, we have never had better harmony in our organization than at the present time." (43) "The net result has been very satisfactory, not only to this company but to the industry as a whole, and has been rather effective in tending to stabilize the iron pipe industry." (44) (43-44) Letters from executives of companies. Feldman, H. op. cit.

Market policies of a successful clothing firm which regularized production and employment to a high degree:

THE HICKEY-FREEMAN COMPANY, ROCHESTER, NEW YORK. Up until the time this company inaugurated a pre-season overcoat campaign it was believed that a lay off in the overcoat shop was unavoidable between seasons. This lay off was a costly matter and also jeopardized the quality of workmanship. The Company studied the problem. As a result of their investigation, the woolen buyers made arrangements with the mills to purchase overcoat cloth considerably in advance of the usual season at slightly reduced prices. This enabled the mills manufacturing the cloth to give their employees steadier employment.

The Hickey Company in turn passed this saving on to the retailer-- provided he placed his overcoat order in advance of the usual selling season. Their sales force goes out into their territories during the month of February and books orders during that month on winter overcoats for September delivery. This plan enables them to keep their overcoat shops busy the year round. A partial result of the pre-season selling of overcoats was the steady employment of the cutting department up until about May of 1931.

The models used on the early overcoat trip are more or less of a staple character. The retailer can save from 2 to 4 dollars on each coat by placing his order during February. A very definite policy of lower prices during this month was established and even the larger retail firms had to meet this time to order in securing the saving.

Retail customers were induced to keep in stock semi-staple fabric, trade-marked topcoats and suits. When one was sold, it could be immediately be replaced from the Hickey Company storerooms.

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The labor turnover of this Company is the smallest of any of the large clothing manufacturers in the United States. The workers have steadier employment and no labor troubles. The best workers in the field of clothing manufacturing have been secured and kept. (45)

The present status of the scheme of this company is secured from the following quotation, "We have been reasonably successful in maintaining our employment standards during the current year." (46)

A planned program for sales and production which provides for an even rate of production through the year:

The foundation of a number of successful programs of stabilized production and employment is the budget. It focuses attention on the costs of seasonal production, the costs of overhead regardless of production, or training new workers and of lowered efficiency when there is little work ahead. It indicates methods of anticipating sales to control inventories, of correlating the operations of the various departments in a business, of providing for probable contingencies and of checking results against expectations. Foremost among the companies using this method of stabilization is the Eastman Kodak Company.

EASTMAN KODAK COMPANY, ROCHESTER, NEW YORK. The general scheme calls for a constant level of production throughout the year by accumulating finished stocks in the slack season. All are familiar with the products manufactured by the 8000 employees. The result of the scheme to regulate employment is shown by the fact that for the year 1929 the maximum number of workers on the payroll at any month was nine-tenths of one per cent above the average number for the year and the minimum number at any month was eight-tenths of one per cent under the average.

(45) New York. Less Unemployment. Op. cit., page 33.

(46). Moore, W. D. Assistant Sales Manager's Letter to Hickey-Freeman Company, Rochester, New York. July 17, 1931.

The first part of the report is devoted to a description of the situation in the United States. The authors have collected employment and no labor troubles. The best workers in the country have been secured and kept. The authors have also collected information on the situation in the United States. The authors have also collected information on the situation in the United States. The authors have also collected information on the situation in the United States.

The situation in the United States

The situation in the United States is described in the report. It is found that the situation is not as good as it was in the past. The authors have collected information on the situation in the United States. The authors have also collected information on the situation in the United States. The authors have also collected information on the situation in the United States.

The authors have collected information on the situation in the United States. The authors have also collected information on the situation in the United States. The authors have also collected information on the situation in the United States. The authors have also collected information on the situation in the United States.

A brief outline of the production program followed to bring about stabilized employment follows:

Sales Forecast. The Production Department collaborates with the Sales Department, using statistical methods. Such estimates take into account the longtime trend of sales, current business conditions, and any special advertising or sales program. This forecast covers a period of one year in order to properly allow for seasonal variations.

Seasonal Measurements. The second step is to break down the annual forecast into monthly sales. The seasonal tendency is measured by the monthly sales over a period of the past few years. A statistical chart is made expressing the average sales for each month as a percentage of sales for the entire year. The normal seasonal variations is shown by the interpretation of the curve. In this manner a definite quota by month is found for production.

Production Schedules. A production level for the year is established. This level is found in order that employment may be stabilized as well as viewing the amount of investment in plant equipment. The Company has found it more practical to produce at a constant rate throughout the year and to accumulate finished stocks in the season of reduced sales. There is a vacation demand for the product during the summer months. This demand has been met by reducing the production rate by 20% during July and August. A careful analysis of requirements for individual units, sizes and parts in order to have a balanced stock at the beginning of the period of peak requirements and low production.

Stock Levels. The determination of the amount of finished stock to carry at all times of the year is the fourth step in the budget plan.

The minimum stock will come at the point when the sales rate drops below the production rate, then the stocks begin to accumulate. The minimum is taken for a starting point for the calculations and can be set at any quantity, usual the lowest amount that can be carried and yet fill orders. The stocks for each of the other months may be determined by a process of adding production and subtracting sales for each of the months in order, beginning with the minimum point. If storage facilities are limited or there are other limitations, the schedule may be altered and the level of production determined so that the amount of stock is reduced. Such a program, however, would necessitate a changing production level. (47)

A communication dated June 27, 1931 which was published by the officers of the Eastman Kodak Company says, "Our stock method controls have been very valuable during the uncertainty of the past year or so. In spite of the fact that orders in the second half of 1930 suddenly dropped below the estimated rates, stocks of goods were under such close observation that they remained within the prescribed normal limits right through. Employment in the productive departments has remained practically unchanged since January, 1931, and is now at a point equal to the number on the payroll in October, 1929. Shorter hours per week were resorted to when necessary rather than lay-offs." (48)

BAUSCH AND LOMB OPTICAL COMPANY, ROCHESTER, NEW YORK. This firm listed twenty facts which they use for the proper preparation and co-ordination of their budget plan. Since these facts may be used

(47) Robinson, A.H. Statistician' Report of Eastman Kodak Company. Rochester, New York. 1929.

(48) Eastman Kodak Company. Letter to New York State Committee on Stabilization of Employment. June 27, 1931.

if modified by any manufacturer they are given herewith:

"Study your normal business growth, using average monthly and secular trends

Forecast general business a year in advance

Find the deviation between your business and general business

Temper your growth, if necessary, with general business conditions

Use profitgraph to determine whether proposed or adjusted volume will create earnings desired

Know your potential market by product, by district, by trading area

Eliminate waste in distribution by concentration on profitable areas and products

Beat depression by new product, advertising and increasing your goals in areas where potential is under absorbed

Know your seasonal trend of sales by product

Develop sales budget in both units and dollars by class of products, by month, by district, by trading area, by branch, by salesmen, by your customers

Develop stabilized production plan by number of units, tempered by stock condition maintained to keep within sales estimates

Study capacity absorption and consequent overhead.

Forecast inventory increase or decrease form month to month on an annual basis, at all times attempting to set goals which will result in an increased turnover of both process and finished stock

Establish standards of labor, tempered by most recent performance

Carefully gauge materials, specifications, requirements, and purchases

Control overhead in accordance with volume, segregated between fixed charges, staff required to maintain organization, etc.

Apply selling and advertising expenses, as near as possible, to gross profit available in each class of product

Break down profit and loss statement to product group in order to find and study items possible causing losses, indicating the percentage of loss, contribution to sales, and to total profit

Prepare cash budget in order to make provision offunds to meet prospective sales and production programs

Provide for methods for chekcing, for flexibility and for revising standards according to performance." (49)

It will be readily observed that the above suggestions give a comprehensive picture of a stabilization plan which would be helpful to any industrial plant. The Comptroller of the Bausch and Lomb Optical Company made the following statement apropos the Company's experience during the present depression, "Our plan is too wise and sane to do anything but operate successfully during the depression." (50)

(49) La Rose, E.S. Budgetary Control of Sales and Operation, Rochester, New York. 1931. Pages 40 to 41.

(50) Ibid. Page 42.

modified by my manufacturer they are given herewith:

1. The first point is that the market is not a static one, but a dynamic one, and that the market is not a homogeneous one, but a heterogeneous one.

2. The second point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

3. The third point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

4. The fourth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

5. The fifth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

6. The sixth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

7. The seventh point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

8. The eighth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

9. The ninth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

10. The tenth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

11. The eleventh point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

12. The twelfth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

13. The thirteenth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

14. The fourteenth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

15. The fifteenth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

16. The sixteenth point is that the market is not a homogeneous one, but a heterogeneous one, and that the market is not a static one, but a dynamic one.

PACKARD MOTOR CAR COMPANY, DETROIT, MICHIGAN. The plan offered by this company is similar to those of the Eastman and Bausch Companies except that it is modelled to fit its own product. Instead of telling of the workings of the plan, the remarkable successful results will be more important. The ratio of those employed for the year:

	1922	1928
January	60	94
February	65	96
March	77	97
July	133	93
October	103	112
November	98	109
December	97	...

"It will be seen from this that while in 1922 the numbers employed in the peak month of the year (July) were two and a fifth of those employed in January, that in 1928 the peak month of October had only 19 per cent more workers than January. The amplitude of fluctuation had been reduced to less than one-sixth of what it was six years before. The level of employment during the whole first quarter of 1922 was in fact but one-half that of the peak month, which in 1928 was 86 per cent of this peak. Part of the fluctuation in 1922 was due to the fact that the recovery from the previous depression took place. But even in 1925 during the peak month there were 45 per cent more workers employed than during January and about 40 per cent more than during the first quarter of this year. This was an amplitude over twice as great as that of 1928." (51)

The Vice-President of the Packard Motor Car Company comments on present conditions, "From September, 1930 to June, 1931, fluctuation in employment increased only slightly to 4.1 per cent." (52)

(51) Douglas, Paul H. Study on Unemployment. 1928. Page 44.

(52) Cudlip, M.A. Letter to New York Committee. July 8, 1931.

PROCTOR AND GAMBLE, CINCINNATI, OHIO. "Our plan for stabilizing unemployment is very simple, and has been in effect since August, 1923. In sum and substance, it is this---we estimate our business twelve months ahead. We divide this estimate for forty-nine weeks of uniform production. Usually, the first part of the year, we do not ship as much as we produce. Therefore, we use warehouses within our plants, and some outside warehouses to store the surplus.

From about April or May on to the end of the year, we are shipping more than we have produced, and automatically we clear out the surplus stock in warehouse, and if we have made a good estimate, we come out at the end of the year without excess stock, and with uniform production throughout the year.

Our business is of such a nature that we should be able to guess it withing 2 or 3 per cent of what actually develops. This has been the state of affairs for six years. In view of this, our guarantee to our labor is forty-eight full weeks of work in the calendar year, and when we set our schedule on forth-nine weeks, we again automatically give ourselves a 2 per cent leeway.

If the business should prove to be very much better than we have anticipated, it is no trick to speed up our production slightly, but even with this, we try to anticipate and spread it over a long period rather than suddenly increase it for a month or two.

We have one qualification with our workmen in guaranteeing the forty-eight weeks of work, and that is he must work for us for six months before he is eligible to the plan." (53) H.S. Brutton of

(53) Proctor and Gamble Company, Cincinnati, Ohio. April, 1930

of the Proctor and Gamble Ivorydale Plant testifies as to the effectiveness of the scheme used, "The fluctuation of employment in 1930 was virtually the same as in 1929, and this is true thus far (July) in 1931." (54)

These firms use schemes similar to those mentioned by the other companies: Onedia Community Limited, Onedia, New York; and Dwight Devine and Sons Inc., Ellenville, New York. The Onedia Limited says relative to present status of their plan, "We are still following our plan as far as possible but the general depression this summer (1931) has compelled some further shortening of time for all factory employees rather than a general lay off." (55) Dwight Devine Incorporated, "Sales for Spring 1931 below same 1930 period. Wage reductions made in January, since which 36 hours per week employment maintained. During June, 54 hours per week is being maintained, with accumulated stock, as sales are small. This schedule is adopted to offset Annual Inventory shut down July 1st. July is peak outdoor employment in this section, which with abnormal highway and public building construction will give nearly full employment in this section although labor in all lines nearly, excepting Union building trades is working on lower wage scales." (56)

Production of standard lines during the off season:

G. LEVOR AND COMPANY INCORPORATED, GLOVERSVILLE, NEW YORK. The staple product that this firm produces during the slack months is leather. The kind of leather consistent with their line of produc-

(54) Brutton, H.S. Director of Proctor and Gamble Company. Letter to the New York Committee on Stabilization of Industry, July 20, 1931.

(55) Onedia Community Limited. Letter of June 25, 1931 to the New York Committee on Stabilization of Industry.

(56) Letter of June 19, 1931 to New York Committee on Stabilization of Industry.

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tion that one can call staple differs from time to time. There is, however, some staple in the line that they can afford to make and produce considerably ahead of demand. It is to that determined item that they address their attention during the slack months. A communication from the company on June 20, 1931 gives the present situation, "What we said last year under date of August 5, we can now repeat with the addition that as we see our position at the present time, we will maintain a production level during July, August and September higher than was maintained last light year. We expect to continue our numbers of employees at the same figure during the summer months as has been maintained during the past nine months. In other words we shall be running to capacity." (57) Correspondence from the Ithaca Gun Company states, "There has been no change in the policy of the company in regard to stabilization. There has been, however, a change in experience under present business conditions. Production has been curtailed. This has been done by shortening the hours per week. The plans of the Company are to run on short hours per week throughout the year rather than to entirely close down during any particular period of the year." (58)

GRIFFIN MANUFACTURING COMPANY, INCORPORATED, NEW YORK. This Company markets twenty-one different items, many of which are produced in different colors and sizes. Their sales records show, by months, the amount of each color and size of each item. This record is used to determine the specific items and amount which

(57) Feis, Herbert. Labor Relations. Pages 98 and 99.

(58) Letter to New York Committee on Stabilization of Employment. June 20, 1931, Page 51.

must be produced for surplus or at an even rate throughout the year. The application of a close scrutiny of their records is needed because all items do not sell in equal proportion to each other. Sales of some items following consistently the sales fluctuations of the business. Other items, while forming a large volume of their sales, sell entirely in a period of three to six months. They select the items for production in their slow seasons which do not make up a large volume of their business. They also produce for storage, some items whose sales are large during short periods. In this manner, they do not require extensive storage space for surplus finished inventories and thus they reduce the amount invested in such inventories. A report from this Company states that there is no change in their employment of labor or in their system of factory operation during the present depression.

Budgeted production in an industry with complicated styles:

DANIEL GREEN FELT SHOE COMPANY, DOLGEVILLE, NEW YORK. This firm carries a line of about 300 distinct styles. Each one of these if it is still in use is made up in several widths and colors so that one line really covers several thousand items of which between 900 and 1000 are carried in stock. A card is made out for each style by color and width, one side of which is a Production record and the reverse being a record of weekly sales for the past four years, the accumulated sales, sales by sizes for the past five years and sales by salesmen. About the middle of January a forecast of sales and production for the year and of the inventory they are willing to carry over at the end of the year is made. This information is put

on sheets designated as Production, Sales and Inventory Controls. In short, the company works for a predetermined inventory and attempts to keep its production in balance with its sales. The plan helps keep working capital to the lowest possible amount. It results in minimizing labor turnover. The scheme has helped the business to operate profitable for a great many years while many of its competitors have fallen by the wayside. They claim that the production control record enables them to sense a falling off in sales of any style which results in even production and a saving of what would ordinarily be a loss of unstandard goods. The Company speaks highly of their experiment, "During the past months because of the business depression, we have found it necessary to curtail production somewhat. Rather than lay off or discharge any of our regular employees, we have at times been working short days, giving all of our workers a proportionate share of the work. Their earnings have been sufficiently high to enable them to live in comfort, and, in many cases, have something left of their income after meeting living expenses. Referring to our production planning, it may be interesting to note that in spite of increased difficulties which have arisen due to hand to mouth buying on the part of the merchant, we have been able to do an intelligent and efficient job giving some good service to our customers and this without accumulating excessive stocks of raw material or finished merchandise. We are very much pleased with the way the system has worked out." (59)

(59) Green, Daniel. Letter of June 23, 1931 to New York Committee on Stabilized Employment. A Report to Governor Roosevelt in Albany.

Development of side-lines and fillers for off seasons:

THE WELCH GRAPE JUICE COMPANY, WESTFIELD, NEW YORK. A report of this Company tells the story. "Several years ago, when grape juice and a grape spread were our only products, uniform production throughout the year was practically impossible. After pressing grapes in the Fall there was invariably a period of inactivity for about two months, then, heavy production until about July 1st and another layoff until we pressed grapes again. In the meantime, we have added a jelly line to our products--grape, currant, crab-apple, quince and mint--and a grape fountain syrup. These products, with the prevailing method of dealers in buying in small quantities, as needed, rather than stocking up for the season, as in the old days, have helped us to largely overcome spasmodic production. There is still a period, after the grape season, when we are faced with conditions that compel us to lay off for a time some of our help. Efforts to stock goods in points where there is an early demand for our products are being made. It is interesting to note that our factory wages have not been reduced. This fact is due to our scheme of adopting side-lines and fillers for the off seasons." (60)

THE BEECH-NUT PACKING COMPANY, ROCHESTER, NEW YORK. It is traditional in the canning industry to hire as many people as are necessary during the canning seasons and then let them go when the season is over. This Company felt that it needed skilled workers in the sense of steadiness, dependability, and training in the pur-

(60) Welch Grape Juice Company. Westfield, New York. June, 1931.

poses and plans of the company in order to secure a high standard of quality. The seasons for the various fruits follow one another closely so that the plant is ordinarily kept busy in this sort of work for only five months of each year. The Company looked for other products which could be packed during the remainder of the year. Pork and beans proved to be the product needed. Jellies, jams, preserves, and peanuts are fitted into a schedule of packing production so that there is a steady demand for the skilled labor that the Company has acquired. As a result of the plans for recognizing the seasonal demands for products the Company has amalgamated the ups and downs of several distinct packing seasons into a steady flow of product with the exception of a period of a little over three weeks in the latter part of December and in early January. During this period the employees are not laid off. They are used to give each department a thorough cleaning. When the packing season opens the same employees are ready to start work. The Company reports that during the depression a new department was started which took many of their workers by transfer, thus saving them from unemployment. (61)

HENRY A DIX SONS CORPORATION, NEW YORK CITY, NEW YORK. Instead of following the policy of making what you sell, that of selling what you make was adopted when this firm started business. The Company developed sober but pleasing designs of careful quality. They found that they could manufacture in slack seasons for the products which they aroused demand. Nurses' uniforms, cotton porch and house dresses were added to the line of clothing.

(61) Gore, John. Beech-Nut Production Scheme. Factory, March 23, 1923. Pages 276 to 278.

The success of the underlying policy of this firm is clarity of vision and a keenness for sensibility of the average woman's desire to get the highly prized summer style at reasonable cost. Incidentally, the Dix Company was sold to the employees when the annual turnover of a million dollars was reached. The Company has continued the policies and at the same time increase the volume of business 10 per cent. (62) On June 19, 1931, the following statement was made by the Corporation, "Realizing the importance of keeping trained help and taking of our employees, we adopted on February 1st a schedule of $3\frac{1}{2}$ days per week. All employees have kept their jobs and are eager to work for us. We have been working 5 days per week all year since 1919."

Flexibility of working hours: If, for one reason or another, it is not possible completely to regularize production by the methods discusses, some firms have adopted a fourth method, namely to vary the hours of work in such a way that an approximately constant number of workers will be maintained, who will work more than the standard hours per week during the busy season and less than the standard during the off-season.

THE DELAWARE AND HUDSON RAILROAD CORPORATION, ALBANY, NEW YORK. This railroad is perhaps the most prominent exponent of this plan.

The D and H Railroad works an elastic day which generally ranges from 8 to 10 hours. The understanding is that no one shall be laid off for lack of work until less than 48 hours per week is provided, and that no men will be hired until 60 hours of work is

(62) Lewisohn, Draper, and Commons. Op. Cit. Pages 21 to 23.

exceeded. In practice, the Company has refrained from laying off men when the hours fell below 48 if the workers preferred to share the slack time, and on the other hand has seldom taken advantage of its opportunity to hire more men on those few occasions when the working hours have exceeded 60 per week. Over the period of time during which this policy of the elastic working day has been tried out, the hours of work for the men in the locomotive and rolling stock department have, for example, varied between 54 and 32. This policy combined with that of laying more rails during the winter-time has materially reduced the fluctuations in the numbers employed. (63) On July 9, 1931, the Company submitted the following statement, "This Company has not laid off any of the employees in the Maintenance Branches and the variation in the number of employees on the payroll during the years 1930 and 1931 was due entirely to employees voluntarily leaving the service of the Company. Greater progress, greater regularization, and greater stability has characterized the work of all departments."

JOHN A MANNING PAPER COMPANY, TROY, NEW YORK. The "high spots" of a much widely published report by an executive of the Company tells the attempt of stabilizing production and employment:

"I. Reasons for having a plan. For a number of years we have been interested in the problem of stabilization of employment:

- (a) We believe that men work more efficiently when relieved of the fear of working themselves out of a job.

(b) Stabilization eliminates the waste involved in breaking in new men.

(c) Stabilization protects the purchasing power.

(d) Unemployment is a problem which Society must solve, and we believe it is better solved by business men than by passing it over to the government for solution.

II. General Methods of Solution

Every effort is made to sell our products into industries having a minimum seasonal fluctuation. We also attempt to secure forecasts of consumption from our customers and to get whatever guidance is possible from standard indices.

III. Special Methods of Solution

(a) Regulate the flexible speed of paper machines.

(b) Experiment in the development of new lines during the slow periods of business.

(c) Use our entire working force to overhaul machines during our dull times.

(d) Resort to a shorter work week if needed.

(e) Schedule our vacation with pay plan to take place in the dull period wherever possible.

(f) Operate our Unemployment Insurance Plan for the benefit of our workers.

IV. Displacement of Men by Machines.

(a) It is generally possible to predict within a week of so just when a given machine will be in operation that will displace labor. Do not hire new employees until

we check the number to be without work with our normal weekly turnover record.

(b) As a more definite solution for the problem we have instituted a discharge bonus amounting to two weeks' wages, paid in advance." (64) The writer of the plan for this Company informed the New York State Committee on Stabilization of Employment: "Every plan mentioned in his scheme has been tried with marked success during the current business depression. Our plan is being followed in full detail. A new plan to care for a more liberal allowance for the unemployed worker is being worked out by the Company." This communication was dated June 20, 1931.

The evidence that has been given to show that a control of business exists if the business leaders will attack the problem is sufficient proof of their utility and practicability. The writer feels that up to this time the average business leader may have had "a conscious rationalization for the sub-conscious wish not to have his life disturbed by the problems which would inevitably arise when he tries to get business stability." (65) Perhaps the necessity of heeding the handwriting on the wall will give him light on this subject. Scores of testimonials have been received and published in addition to the few that have been given in this paper to the beneficial results of these schemes to combat seasonal unemployment.

A detailed plan of the various schemes together with glowing reports of the success of the confidence and belief that the industries mentioned may be found in the book, Regularization of Employment, H.R.

(64) Adams, Fred. Report of Manning Paper Company, Troy, New York.

(65) Douglas, Paul H. Op. cit., page 77.

Feldman, Harper's 1925. Sufficient space has been given in this paper to the existence and continued operation of these schemes in order to show the part that industry must play and is playing in its effort to reduce the evils attending the unemployment that is bound to occur.

The part the Government can play in forestalling the "cycle".

The solution of the veils of unemployment caused by the business cycle brings the government to the fore again as the chief agency in remedying conditions. Earlier in this paper reference was made to the purchasing power of the State and national governments in times of depression. Since both branches annually spend millions of dollars in their construction programs, the same method of wisely distributing these regular expenditures can be devised to serve both the best interests of the taxpayers and those of private industries. This method in brief is that a long range, advance plan of construction programs, and the setting aside of a reserve to be spent on construction in times of depression. The proper timing of the public works program will have a beneficial effect on the heavy inroad of losses caused by the downward swing of the cycle. The principle of the plan has been widely endorsed by the United States Chamber of Commerce, by President Hoover, Ex-Governor Smith of New York, and in fact has no opposition because of the common sense of the plan. Senator Wagner of the present ruling body suggests the same idea.

The fashion set by the Federal Government, it is hoped, will be copied by all the States of the Union who spend many more times the amount for construction than Washington does. Many States, such as to be found in New York, Massachusetts, Pennsylvania,

California, Ohio, etc., have already put this plan into operation, thus tending to sustain the purchasing power of the otherwise "laid-off" worker. At the same time, the work is done cheaper and not in opposition to the private builder. In boom times, the government building made it necessary for the private builder to pay more for materials and wages; in periods of depression, the government will help him carry his work on with less worry.

The one objection, not a serious one, to the plan is the ability to forecast the start and end of a depression period. To this end is given the following argument that the writer successfully used in a debate on this question and which has never been refuted. The plan to authorize the President to put this reserve fund for public works in effect is described as follows. The building industry is basic, from twenty to twenty-seven industries depend upon it. These include agriculture, mining, transportation, manufacturing and by the very nature of these three fields of Commerce and Industry, the fourth field, that of the Consumer. When the volume based upon value of contracts awarded for construction works in the United States has fallen 10 per cent for a 3 month period below the average of the corresponding 3 month period of the preceding 3 years this fund is to be placed in operation. The machinery to give this vital information is already in operation. The confidence of the business man will be unlimited. His actions during past periods of depression will be changed about, and the unwelcome thought of restriction will not give birth to action---the laying off of his workers.

The relief of the evils of unemployment due to technological changes:

The following ways must be employed to lighten the burden of unemployment due to technological reasons. Plan the changes in machinery and methods so that instead of revolutionary displacement of the employees a gradual introduction of changes will take place in periods of prosperity. Do not replace workers who are lost due to death, retirement, etc., with new workers if machinery improvement is contemplated. Pay a dismissal wage adequate in amount in order to help the displaced worker tide over until he finds a new job. Examples of industries who have tried these ways testify as to their worth.

The Government's part in solving the evils of technological unemployment.

Keep the people informed by forecasting those industries where impending technical changes or lessening demand for the product may result in a small supply of labor. This information would keep many young people from entering such industries and allow them to seek more favorable fields. This information can and should be impartially and competently distributed. The leaders of the various industries, I believe, would be heartily in accord with this plan.

Re-educate the displaced workers for work in other lines, particularly the newer lines demanding a larger supply of labor. None other than the well-known statistician, Roger W. Babson, advocates this plan. (66)

THE HISTORY OF THE UNITED STATES OF AMERICA

CHAPTER I

The history of the United States of America is a story of a people who have grown from a small colony of English settlers to a great nation. The first settlers came to the New World in search of a better life, and they found it. They built a new society, one of freedom and opportunity. They fought for their rights, and they won. They became a nation, and they have remained a nation ever since.

THE HISTORY OF THE UNITED STATES OF AMERICA

CHAPTER II

The second chapter of the history of the United States of America is a story of a people who have grown from a small colony of English settlers to a great nation. The first settlers came to the New World in search of a better life, and they found it. They built a new society, one of freedom and opportunity. They fought for their rights, and they won. They became a nation, and they have remained a nation ever since.

Make complete use of the decision to establish and maintain public employment offices as has already been mentioned.

Unemployment Insurance.

All writers agree that some form of unemployment insurance is needed to help the unemployed worker. All writers cannot agree as to the method of raising and administering such a given fund. The writer does not feel that compulsory unemployment insurance is to be arbitrarily superimposed yet he feels that some provision must be made for the workers who are daily being thrown out of employment by changes in industrial organization. What kind of provision will be supplied? This question seems uppermost in the minds of all.

It is the duty of industry to take care of the workers who have given the better part of their lives to the service of that industry to support them when they have outgrown their usefulness. Industry shared in the strenght of their most productive years; industry should try to equalize the balance of their non-productive years. Of course, if industry does not meet this responsibility, it is the duty of society to make the necessary provision. This statement is far from radical because all the important civilized nations already have state-pension systems, and several states, Ohio, New York, and Pennsylvania recommend legislation. The Old Age Pension Law recently passed in Massachusetts is a step in this direction. Wisconsin has become famous because of the "American Plan" it uses.

A pamphlet on Unemployment Insurance issued by one of the world's largest insurance companies (67) tells of the 15 private industrial

(67) Metropolitan Life Insurance Company. Unemployment Insurance, Monograph One, January, 1931, page 21.

Each of these is a separate and distinct subject.

These subjects are not to be treated in a haphazard manner.

General Principles

All writers should follow these general principles.

First, the subject should be clearly defined.

Second, the scope of the subject should be limited.

Third, the material should be carefully selected.

Fourth, the material should be carefully organized.

Fifth, the material should be carefully presented.

Sixth, the material should be carefully concluded.

Seventh, the material should be carefully reviewed.

Eighth, the material should be carefully corrected.

Ninth, the material should be carefully proofread.

Tenth, the material should be carefully published.

Eleventh, the material should be carefully distributed.

Twelfth, the material should be carefully stored.

Thirteenth, the material should be carefully retrieved.

Fourteenth, the material should be carefully destroyed.

Fifteenth, the material should be carefully preserved.

Sixteenth, the material should be carefully protected.

Seventeenth, the material should be carefully secured.

Eighteenth, the material should be carefully guarded.

Nineteenth, the material should be carefully watched.

Twentieth, the material should be carefully monitored.

Twenty-first, the material should be carefully controlled.

Twenty-second, the material should be carefully managed.

Twenty-third, the material should be carefully handled.

Twenty-fourth, the material should be carefully treated.

Twenty-fifth, the material should be carefully dealt with.

organizations who have their own insurance funds during unemployment. It mentions three kinds of plans; union out-of-work benefits, joint agreements between the unions and the employers, and private company plans, particularly, the General Electric Swope plan. This particular insurance company is of the opinion that unemployment insurance is an actual risk and that modern companies can undertake the writing of group-unemployment insurance. This company is willing to go into this branch of business if the State will allow its charter to so grant permission.

The leaders of industry would do more to provide against the elimination of employment if they would follow the lead of the businesses that have taken the initiative. The essential feature of the kind of insurance is comparable to the American experience of accident insurance---it will serve to eliminate the very thing for which it was created. Employees would be supplied with purchasing power during periods of unemployment; it would lead to efficiency on the part of the worker and thus lower production costs. The employers must be able to keep their stabilizing schemes going in order to give full time employment and thus keep their reserve from being depleted. These two checks, one on the laborer who is divorced from the fear of being without funds, and the other, the desire of the employer not to dip into this fund, auger well for its success.

The self-contributory system of the Swope Plan should, once it is understood by man industries, bring many disciples from the laborer and the employer. This plan has been tried widely among the General Electric Company plants with great success. Had the plan been started before the present depression, even greater beneficial re-

sults would have been produced. A few salient points of the Life and Disability Insurance promulgated by Mr. Swope are given in order to understand its scope. All employees of companies with two years service and before the expiration of five years of service shall be covered by life and disability insurance. The face value of a pledged policy shall be for an amount approximately equal to one year's pay, but not more than five thousand dollars, with the exception that the employee may, if he desires, increase at his own cost the amount of insurance carried, subject to the approval of the company. The cost of the life and disability insurance shall be paid one half by the employee and one half by the company for which he works, with the following exception: The company's cost shall be determined on the basis of premiums at actual age of employees less than thirty-five years old and on the basis of thirty-five years of age for all employees thirty-five or over, and shall be a face value of approximately one half a year's pay, but limited to a maximum premium for twenty-five hundred dollars of insurance. An employee taking out insurance at age thirty-five or over will pay the excess premium over the amount based upon age thirty-five. This will remove the necessity for restriction against engaging employees or transferring them from one company to another because of advanced age, as it will place no undue burden of high premiums upon the company. Provision for continuance of the policy has been made if the employee leaves the company. Over 90 per cent of the employees of the General Electric Company at Lynn, Massachusetts elected the plan.

The Sub-Committee on the Stabilization of Wage-earners' In-

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comes in the State of Pennsylvania submitted the following statement, The most effective way of providing for unemployed workers and their families is by adopting a policy for labor which capital has already adopted for itself, namely to accumulate reserves during periods of prosperity and employment which may be utilized in periods of depression and of unemployment. Well-managed corporations do not now pay out all of their earnings in good times but lay aside a certain proportion in reserve funds which are paid out in periods when the net earnings are low or non-existent. In this way, the dividend payments and the money income of the investing and owning classes are largely stabilized in bad as well as good times. Good business men also take great pains to lay aside depreciation and obsolescence funds with which to meet the losses occasioned by their machines being outmoded and replaced.

These practices reflect great credit upon the sagacity of management and logic would seem to call for their extension to labor as well. If industry aims to provide a return to capital even though it be unemployed, so it should make some provision that the income of the workers should be at least partially maintained if they are unemployed, provided of course that they are seeking work." (68)

As has been said before, the belief that the differences relating to the method of providing the insurance or reserve for unemployment funds are far less important than the points of agreement. Once an agreement is reached on the principle of building up reserves for unemployment, the precise methods of administration can readily be worked out for the good of the owner and worker.

When management becomes convinced that it would add to the total efficiency of labor, then more firms will properly plan and administer schemes to aid their industries. If the leaders fail to follow quickly, then legislation may be called upon to bring some sort of justice to the displaced worker. It is to be hoped that as in the instance of the schemes to regularize industry by the various devices now being used become more popular so also will the plan to insure against unemployment gain favor. The law of satisfaction in the learning process exemplified by the successful users of the methods will tend to induce other industries to adopt a plan that is useful and practical.

STEP SIX: THE DETERMINATION AND DISCUSSION OF THE POSSIBLE ONE OR MORE SOLUTIONS OR HYPOTHESES OF THE UNEMPLOYMENT PROBLEM.

Three courses are open as solutions to the problem. The first, that of laissez-faire, has proved hopeless. The second, that of governmental control, is contrary to the American principle of doing things and should not be employed unless needed as a last resort. If needed, use it. The third, that of allowing business through its own education and that of its followers, to properly plan and succeed with the minimum of government control is the solution we have chosen. However, we pay due respect and solicit the aid of the government as a valuable ally to the plans proposed and offer the following plan of Governmental control.

The Government's Part (compulsory if needed)

A second plan offered by Charles A. Beard (41) employs methods of compulsion in order to have a future system of planned economy.

(69) America Faces The Future. Houghton Mifflin Company, Boston, 1932. Pages 117 to 141.

A committee of representative American business leaders is to be given the power of working out the project of the various relations of the financial, operative, and distributive parts of trade and manufacturing. The central idea seems to be the repeal of the Sherman and Clayton Anti-trust Acts and the organizing of all the existing major industries in syndicates. These syndicates in turn would be declared by law to be public utilities and their profits henceforth limited strictly to a fair return on prudent investment. Production schedules would be furnished by a "Board of Strategy and Planning", associated with the National Council (as the committee will be called) and divided into appropriate divisions each headed by an engineer. This board would survey the entire resources and productive facilities of the country; forecast the production and consumption of goods of all classes, and allot "productive and distributive activities with respect to the requirements of the plan." (70)

The rub of this plan in America is the execution of the scheme. American citizens are not inanimate engines; they are individuals with at least a modicum of education and independence of opinions; they are associated in various forms of government, central and local; they are members of corporations and trade unions; they have long been accustomed to free participation in self-government in public and private affiliations; and they are not to be moved like pawns on a chessboard by bureaucrats, no matter how wise or despotic.

We have seen that the solving of the evils resulting from unemployment calls not for one remedy but a series of complementary and supplementary devices, namely, adequate statistics, requisite public

(70) Merz, Charles. Problems Confronting Regularization of Production and Consumption. New York Times, February 28, 1932, page 3.

employment agencies, government reserves for planned public works, business will to regularize, and lastly, a scheme of unemployment insurance to take care of the old and infirm employee.

The decisions to use the government as a business adviser and not as a dictator, to allow the unemployed to register voluntarily, and to try to get the employer interested in the welfare of his dependent employees, are in accord with the great American principle of private initiative, governmental "hands off" policy. We firmly believe that, as we have said before, once the gains to be accrued become discernible to the leaders of industry, others will follow because it is good business to do so.

STEP SEVEN: A TRY-OUT OF WHAT SEEMS THE MOST POSSIBLE SOLUTION.

Several of the features of the proposed remedies are being tried with success. It is to be assumed that the carrying out of these plans on a larger scale with these experiences as a nucleus will be highly successful. To mention some of the experiments, even at the risk of repeating; the work of Massachusetts, New York, Pennsylvania, Ohio and California, etc., in the definite attacks on the problem in the form of state employment agencies, old age, departments to gather and disseminate industrial data, the encouragement and publishing of experiments to regularize industry, and the foremost step of all, the setting aside of reserves to carry out their advance planned, long range, building and construction programs. It is reiterated, the devices have worked where used; a try-out on a larger scale, we are confident will produce the highly desired beneficial results.

employment agencies, Government reserves for planned public works,
business will be regulated, and finally, a system of unemployment
insurance to take care of the old and infirm employees.

The decision to use the Government as a business enterprise and
not as a dictator, to allow the unemployed to register voluntarily,
and to try to get the employer interested in the welfare of his

employees, are in accord with the spirit of American principles
of private initiative, Governmental "hands off" policy. We think
believe that, as we have said before, some time will be needed
before it is possible to the leaders of industry, who will follow
because it is good business to do so.

THEY SAY: A SET-BACK OF THE KIND THE MOST POSSIBLE SOLUTION
General of the features of the proposed legislation are being
tried with success. It is to be hoped that the country will

of these plans on a larger scale with those who are in a position
will be highly successful. The question now of the experiment,
even at the risk of repeating the words of Massachusetts, New York,
Pennsylvania, Ohio and California, etc., is the definite success
as the problem in the form of unemployment agencies, etc.,

department to receive the necessary industrial data, the enormous
sent and publishing of experiments to regulate industry, and the
forwarding of all the existing records of reserves to carry out
these various plans, some large, small and complicated, and
more. It is believed, the results have been very good; a

try-out on a larger scale, we are confident will produce the plan
is desired substantial results.

What is needed, is the education of the leaders. This missing factor is being supplied faster and faster. It is what we firmly believe vital to the proposed plans success.

STEP EIGHT: VERIFICATION OF THE SOLUTION TO SEE IF IT WORKS.

The results of the teachings of education bears fruit at a later date than the pupils attendance in the school room. His training has been for the adult stage. So also, in the case of the solution of the evils resulting from unemployment, the results of educational process must await the test of time to see if it will function or if it is to be found wanting. As has been intimated, all of the proposed plans have been successful on smaller scales when used just as the schoolboy was successful in the school room. Both must stand the acid test upon completion of their training courses. The identical elements of Thorndike refer to the amount of transfer of training that is possible. The business leader because of his educational training in meeting and solving the problem will have the necessary background to meet emergencies as they arise and they will travel on inspired by the "undying fire" that H. G. Wells speaks of as the vital spark in education.

SUMMARY

We believe that the major portion of the plans will succeed. We have suggested that the business man will have learned to weed out information that is of little use and substitute new subject matter to help solve minor problem. A recapitulation of the proposed duties of the government and industry must do in order to effectively cope with the problem of unemployment.

"As far as the Federal Government is concerned, three distinct

that is needed, is the education of the teachers. This means
the teacher is being recruited later and later. It is when we
truly believe vital to the national life.
STEP EIGHT: VERIFICATION OF THE RESULTS TO BE IN THE FUTURE.
The results of the teaching of American history in the
schools, that the results of the teaching in the school room. The
results have been for the whole country. So also, in the case of the
education of the entire population, the results of
educational progress have been the same as in the case of the
teacher as it is to be found in the schools. As has been indicated,
all of the proposed plans have been discussed on another occasion.
When used just as the schoolroom was suggested in the school room.
The results of the work have been the same as in the case of the
teacher. The identical elements of the results have been the same
of transfer of training that is suggested. The results of the work
of the educational training in the schools and in the schools of
the two early programs is the same as in the case of the
work which is being done in the schools of the country. The results
of the work in the schools is the same as in the case of the
work in the schools.

CONCLUSION

It is believed that the major portion of the plan will be
to have suggested that the teachers can will have learned to work
out in the schools that is of little use and substitute new subjects
which will solve the problem. A typical plan of the proposed
action of the government and industry may be in order to effect
ively cope with the problem of unemployment.
"As far as the Federal Government is concerned, three distinct

measures should be adopted by its executive and legislative branches.

1. Its statistical resources should be mobilized so that current information will be available at all times showing the status of production and trade and the extent of employment and unemployment. Such information is essential if American Industry is to be able to formulate production schedules. Without it, the distributive branches of industry--i.e., the wholesaler, the jobber, and the retailer--can not make rational future commitments. Adopt the scheme of the La Follette Bill of creating a National Economic Council to advice and recommend the President and Congress, State Legislations and individual business men.
2. To lessen the severity of business recessions of the Federal Government should make provision for a prosperity reserve which will, wherever possible, postpone public construction from periods, of great industrial activity to times of depression. Plans and specifications should be prepared in advance, so that contracts may be placed at the time when they can most effectively stimulate the demand for labor and the demand for industrial products.
3. A well coordinated system of employment exchanges supported in part by Federal funds and supervised by a Federal employment director is essential to the expeditious placement of unemployed workers. Such an organization should be created with the aid of the individual States together with Federal clearing houses strategically located to meet the needs of given geographical areas.
4. In order that the involuntarily unemployed may be provided for during the period of transition from one job to another a system of unemployment insurance should be organized. The exact status of the

Federal Government in this connection is somewhat in doubt. It could, however, cooperate with the individual States in bringing such systems into being and through Federal aid stimulates their establishment.

Unless private industry avails itself of the means afforded by Government for the prevention of unemployment little will be accomplished. Industry must undertake to play its necessary part.

1. The business executive must learn to use the statistical data made available by the Government.
2. Business must voluntarily undertake to control activity when industry is approaching the stage of overexpansion. The exercise of such self-control is essential to the elimination of violent business fluctuations.
3. American business leaders must develop the will to regularize output and employment. They must be made to recognize the fact that they more than anybody else are responsible for the steady employment of their workers and that by budgeting output and by diligent search ways and means can be found for stabilizing employment.
4. American business must make provision for the support of its workers during periods when no work can be found for them. Private unemployment insurance funds have been found a practicable means for meeting this situation. The actual cost is insignificant when compared to other costs of production. Such insurance, indeed, may eventually be found to add nothing to the costs of running American business. The increased efficiency of labor, once it is freed from the fear of unemployment, has in many instances in this country proven sufficiently great to offset the burden of carrying insurance

Federal Government in this connection is somewhat in doubt. It
could, however, cooperate with the individual States in carrying
such surveys into effect and through Federal aid encourage their
extension.

Business surveys conducted under the aegis of the Federal Government
for the prevention of unemployment have been carried out in various
States. Industries must undertake to place its management in
I. The business executive must learn to use the statistical data
made available by the Government.

2. Business must voluntarily undertake to conduct surveys which
cover its entire scope of operations. The character of
such self-control is essential to the elimination of violent anti-
trust legislation.

3. A national business survey must develop the aim to regulate
output and employment. This must be made a recognized fact that
the national survey give its results to the Federal Government
of their interests and not by collecting output and by different regions
and areas can be used for statistical comparison.

4. Statistical business surveys are provided for the support of the
business survey which when no one can be found for them. Private
business surveys have been found a practical means for
meeting this situation. The Federal cost is insignificant when com-
pared to other costs of production. With industry, indeed, they

eventually be found to be not only a source of business information
business. The increased efficiency of labor, once it is freed from
the fear of unemployment, but in many instances in this country
proves sufficient to give to the owner a certain assurance

funds." (71)

CONCLUSION

The published experiences which are coming to the fore daily give evidence that economic organizations in all lines of industry in industrial instances have met every type of unemployment problem. This leads the writer to believe that application of these solutions to a similar problem in similar or allied industries is possible and should prove helpful. Dissemination of facts would not merely make information available where information is vitally needed but would assist in determining causes and pave the way for the solution of the most difficult problems attending on unemployment.

Isolation of the various individual causes of unemployment points the way to efficient removal of cause. For every economic problem, these are several causes and perhaps employers are right in maintaining that there are not two unemployment problems which are identical. The fact which causes the writer to hope that he is sustaining anything but a lost cause is the firm conviction which is his that the real difference in unemployment problems lies not in the individual cause but rather in the combination of causes. It may be true that in two very similar unemployment situations the whole problems involved are quite different but several of the individual causes which are operating as factors in the whole problem are no doubt exactly alike.

It has been pointed out that the leaders' education will provide a knowledge of the various factors involved in different employment situations and the particular factors which operate in any specialized

(71) Luben, Isador. Unemployment Investigation. Institute of Economic Brookings Institue. Washington D.C. February 9, 1929, p. 517.

employment situation.

Further, the leaders will have determined the causes underlying employment problems through an analysis which will reveal the various factors involved in each situation.

Industry and government will learn to isolate any factors which are out of adjustment for the purpose of study diagnostic and economic readjustment. The adjustment of a single factor in many cases will result in the adjustment of the entire combination to the whole situation. In every case, increased knowledge of the factors involved should point the way to remedial action.

Educational practice will reveal the need for anticipating readjustments to changing economic conditions through advance planning.

The all important benefits of the leaders' educational training will be to suggest specific readjustments for specific maladjusted factors to the end that through the adjustment of individual factors the whole problem will be brought into adjustment.

employment of the

Further, the Board will have to consider the general policy

for the employment of the Board in the future.

Various other matters will be considered.

It is expected that the Board will be able to make a report

to the Board on the subject of the Board's work.

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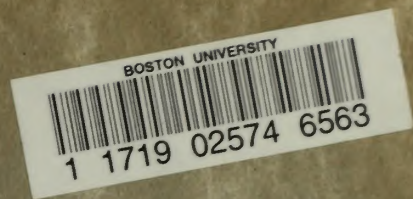
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